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## Gulf Allies Plead For More Time

**They Urge U.S. to Give Sanctions  
A Chance Before Turning to Force**

By David Hoffman

Washington Post Service

PARIS — Many members of the anti-Iraq alliance have told Secretary of State James A. Baker 3d that more time is required for international sanctions against Baghdad to work before turning to military force to oust Iraq from Kuwait, diplomats and U.S. officials said.

The results of Mr. Baker's trip, coupled with President George Bush's announcement Thursday that he intends to nearly double U.S. forces in the Gulf, indicate that the timetable for military action against President Saddam Hussein of Iraq has lengthened, even as the U.S. commitment to use force has grown.

Mr. Baker told reporters here Saturday at the end of an eight-day tour of the Gulf and Europe that he found among alliance members a "strong consensus on our collective aims" of seeking to force Mr. Hussein to relinquish Kuwait, which Iraq has occupied since Aug. 2.

Although senior U.S. officials have expressed some frustration with France, they said they were satisfied that the Soviet Union in particular is not wavering. Mr. Baker held lengthy meetings with the Soviet foreign minister, Eduard A. Shevardnadze, and President Mikhail S. Gorbachev, who emphasized the importance of solidarity against Mr. Hussein.

But, Mr. Baker acknowledged, "there are differing opinions with respect to how long it would take for sanctions to work" before turning to war. "Indeed, there are some different opinions with respect to the degree to which sanctions are already working, or having some effect and bite."

The Emir of Kuwait, for example, pleaded with Mr. Baker to liberate his country immediately. Prime Minister Margaret Thatcher of Britain warned that Mr. Hussein would have to leave or be removed by force. The Soviet Union has urged a peaceful resolution but said military force cannot be ruled out. Roland Dumas, the foreign minister of France, which has deployed forces to the Gulf, said, "Nobody has yet started discussing military action."

On his trip, Mr. Baker also met with the leaders of Bahrain, King Fahd of Saudi Arabia, President Hosni Mubarak of Egypt and President Turgut Ozal of Turkey, all of whom are preparing to move against Iraq but think the sanctions should be given more time to work.

The differing assessments offered no clear path for the Bush administration, and officials said the immediate task for the United States was to lay out new initiatives to press Mr. Hussein into withdrawing from Kuwait.

Although the United States and its partners against Iraq have been trying to force Baghdad into submission for more than three months with a blend of economic starvation and military threat, the efforts have not yet worked, in part because Mr. Hussein has not gotten the desired message, officials believe.

"I think the key is to send a clear and unmistakable signal to Baghdad that we are serious," Mr. Baker said.

"I think we have sent that signal," he said, "in recent days, he said."

In the new phase of the confrontation, he said, "we've recognized that we must heighten the pressure further. Indeed, we have to lay

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## GIs Get Message: Plan for Offensive

**'A New Ball Game,' General Says**

By James LeMoine

New York Times Service

IN SAUDI ARABIA — One of the most senior U.S. military commanders here has told his troops that it now is possible that they would launch an offensive against Iraq in the months ahead.

The statement, by Major General Robert M. Johnston of the Marines, a leading member of the U.S. command in Saudi Arabia, was repeated by other senior officers as they greeted President George Bush's decision to send up to 200,000 reinforcements to Saudi Arabia "to provide an adequate offensive military option" if economic sanctions against Iraq are deemed insufficient.

General Johnston said Saturday that the president's decision to send additional units, and not to permit any rotation of the 230,000 U.S. military per-

sonnel already here, meant that now "we may indeed have to concern ourselves with an offensive option" against Iraq.

It appeared to be the first explicit acknowledgment by a U.S. officer that the former limited goal of defending Saudi Arabia was giving way to a new imperative to prepare a possible attack. Since they first arrived here in August, U.S. commanders have denied making any of offensive preparations.

Addressing the assembled ranks of the 1st Marine Division headquarters battalion, General Johnston warned his troops that they faced "a whole new ball game" and that a war in this region could be more difficult than the Vietnam War.

"The prospect of offensive combat is going to be the greatest challenge that Marines have seen in many decades," he said.

"We are going to need every-

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AFTER 45 YEARS, INDEPENDENT AGAIN — Veterans in Warsaw watching celebrations on Sunday marking the 72d anniversary of Poland's independence. Such celebrations were banned by the Communist government in 1945 but were reinstated this year following the country's populist revolution.

## Hostages Might Be Expendable, Congressman Says

By Fred Farris

International Herald Tribune

WASHINGTON — An influential member of Congress said Sunday that if Iraq did not withdraw from Kuwait by March 1, the United States could go to war and that hostages might be considered expendable.

Representative Lee Hamilton, Democrat of Indiana, who heads the House subcommittee on the Middle East, said he was convinced that President George Bush had not yet decided to go to war but was still hoping the sanctions against Baghdad would force the Iraqi leader, Saddam Hussein, to withdraw.

"We still think they might," Mr. Hamilton said in a television interview.

Asked whether the hostages held by Iraq were "expend-

able," Mr. Hamilton said: "You can't put aside all the other objectives that we have in the area solely for the protection of the hostages."

"We have a lot at stake in addition," he added. "We want to get Saddam Hussein out of Kuwait, we want to keep stability in the Gulf, we want the oil to flow. All of these things are very important."

Mr. Hamilton predicted that the "critical point" of deciding whether to order the use of military force probably would come early next year.

"We are now building up forces to make our position credible," he said.

"If Saddam Hussein stays in Kuwait, then we and the world community have lost, and he has won," he said. "We

have staked out our position very clearly — he must get out of Kuwait. And we have to be strong enough to achieve that, and willing to do it."

"If we are not strong enough, if we are not willing to do it, he wins, we lose."

Mr. Bush said Thursday that he would increase the U.S. force of 230,000 troops in Saudi Arabia by up to 200,000 for "an adequate offensive military option, should that be necessary" to force Iraq from Kuwait, which it has occupied since Aug. 2.

On Sunday, Senator Sam Nunn, Democrat of Georgia and the Senate Armed Services Committee chairman, questioned this strategy and said Mr. Bush's decision was sound only if

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## Shamir Sets His Terms for Accepting UN Mission

By Jackson Diehl

Washington Post Service

JERUSALEM — The government of Prime Minister Yitzhak Shamir is demanding that the United States block further UN Security Council action against Israel as a condition for its acceptance of a mission to Jerusalem by an envoy of the UN secretary-general, officials said Sunday.

Responding to appeals from President George Bush and American Jewish leaders, Mr. Shamir's government has told the Bush administration that it may be willing to accept a visit from Jean Claude Aime, an official in the office of Secretary-General Javier Perez de Cuellar, officials said.

Until now, Mr. Shamir has stoutly resisted all Mr. Perez de Cuellar's efforts to implement a UN

Security Council resolution calling for a mission to investigate the killing of 17 Palestinians by Israeli police in the Temple Mount riots last month.

Israeli officials said Sunday that Mr. Shamir was insisting that any mission by Mr. Aime not be directly connected to the two Security Council resolutions that condemned Israel for the killings and called for an investigation.

Instead, they said, Mr. Aime's visit would have to be conducted under a broader and more vague mandate. Mr. Aime has paid such visits to Israel in the past, most recently in June after an Israeli civilian killed a group of Palestinian workers.

Moreover, the officials said, Israel wants an assurance that if it accepts a UN visit, the United States will block any further Secu-

nity Council move against Israel.

In particular, the Israeli government is eager to quash any effort to implement Mr. Perez de Cuellar's suggestion that a session of the 160 signatories of the Geneva Convention be called to discuss Israel's treatment of Palestinians in the occupied territories.

So far, officials in Jerusalem said

See **ISRAEL**, Page 2

## Suharto's Indonesia: A Family 'Toll Mahal'

By Steven Erlanger

New York Times Service

JAKARTA — In hierarchical, deferential Indonesia, the principal political question is whether President Suharto, 69 and in power, unchallenged, for 25 years, will decide to step down in 1993 or stay in office for a sixth five-year term.

But many Indonesians feel increasingly that his decision will turn less on matters of state than on the kinds of guarantees that might be provided to protect the large and burgeoning business interests of his children.

The fact of their influence is hardly a secret. Above the head of a fast-food hawk named Chaid sprints the massive curve of a new highway, a symbol of Indonesia's prosperity and development under the practical economic management of Suharto. But to Chaid, who sells cheap food to workers earning about \$1 a day in the packed and miserable streets, the tollway shading his business symbolizes another reality.

"It's Tutut's toll road," he said,

referring to Suharto's eldest child, Siti Haidjanti Rukmana, 41, who leads the corporate group that manages the highway and takes a good slice of the tolls.

In a lavish, modern office, a government minister bends forward, smiling broadly. "India has the Taj Mahal," he said. "We have the Toll Mahal."

In a speech, the defense minister and former commander in chief, Benny Murdani, praises the country's economic development and says it is a good thing that everyone in Indonesia is getting rich, "so in 20 years we can afford to pay the tolls."

Mrs. Rukmana provides only one example of how Mr. Suharto's children have emerged in the last five years as privileged corporate players and objects of increasingly pointed criticism.

Mr. Suharto's second son, Bambang Trihatmodjo, 37, is chairman of the Bimantara Citra Group, a conglomerate of some 90 compa-

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## Kiosk

### Pan Am Gets Bid From TWA

NEW YORK — Trans World Airlines has offered \$150 million in cash and \$300 million in notes for Pan Am Corp. The U.S. airline has been in dire financial straits since the Lockerbie air disaster, which killed 270 people, in 1988. (Page 9.)

### Soviet Leaders Discuss Rifts

MOSCOW (WP) — President Mikhail S. Gorbachev and the Russian president, Boris N. Yeltsin, attempted anew Sunday to bridge their differences over the transition to a market economy and the division of powers between the center and the republics.

It was the first substantive meeting between the two since Mr. Yeltsin accused Mr. Gorbachev of breaking a personal pledge to adopt a fast-track economic program known as the "500 days."

Tass said that they met first in private and were later joined by close aides, including the Soviet prime minister, Nikolai I. Ryshkov, and the Russian prime minister, Ivan Silayev.

### MONDAY Q&A



Goh Chok Tong, who is to become Singapore's leader, disputes that the nation is too authoritarian. Page 2.

### General News

Martin Luther King Jr. was accused of plagiarism in writing his doctoral thesis. Page 3.

Moscow has moved weapons from Europe so they are not covered by a treaty. Page 5.

### Business/Finance

Britain will open its telecommunications market. Page 9.

East Germans are being courted as investors. Page 9.

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AND THE PALACE IS STRAIGHT AHEAD — A Tokyo policeman giving directions to a helmeted riot policeman on Sunday as the capital's security arrangements were tightened in preparation for the enthronement of Emperor Akihito on Monday. Page 6.

## Japanese Computer Firms Are Luring Top U.S. Researchers

By Gina Kolata

New York Times Service

NEW YORK — To the dismay and chagrin of many scientists, leading Japanese computer and electronics companies are opening laboratories to do basic research in the United States, luring some of the most creative American computer scientists to work for them.

Some researchers and economists see this as a direct threat in the one area of computer science where Americans still have a distinct advantage.

These critics say the Japanese effort could reduce the quality of research at the universities and damage the competitive position of the United States in a critical field that frequently develops the striking innovations that translate into tomorrow's products.

But others say the competition for the relatively few stars in the field of theoretical computer science is natural and could be beneficial for science.

"People's reactions to this vary from those who say the Japanese are wasting their money because they don't know what to buy to those who say it's the end of the world," said Charles Ferguson, an analyst at the Massachusetts Institute of Technology, who studies the computer industry. "I think it's closer to the end of the world."

Japanese companies have not focused on basic research, said Seigi Hinata of the Japanese consulate in New York. "But increasingly we are putting more efforts, more investment, into basic research," he said. And much of that effort in computers apparently will take place in the United States, using American scientists.

NEC Corp. has opened a research laboratory in Princeton, New Jersey. Matsushita is going to open one next year near San Francisco. Canon is starting one in Stanford, California. Mitsubishi is talking about starting one near the Massachusetts Institute of Technology in Cambridge.

American scientists say they have also received job offers from administrators at two other Japanese companies, Fujitsu and Ricoh.

The Japanese companies are considering sites adjacent to universities with leading computer science departments, where theoreticians have developed startling ways to solve difficult problems.

These can translate into practical products like high-definition television or programs for the next generation of computers.

When they approach scientists from these universi-

ties and from places like AT&T Bell Laboratories, the Japanese offer very high salaries and an opportunity to work with the most advanced computer technologies, which even the best universities cannot afford.

In return they get scientists who are the best in the world.

"The Japanese have not generated world-class theoretical computer scientists," said Ronald L. Graham, a research administrator at AT&T Bell Laboratories. "The world players are in this country."

Some researchers fear that by hiring America's senior scientists, the Japanese are depleting an already sparse supply of experts. Computer science is a young field with few leading researchers, said Robert

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# Singapore Is Not So Tightly Controlled, Lee's Successor Insists

Lee Kuan Yew, prime minister of Singapore since 1959, is to step down Nov. 28. He will be succeeded by Goh Chok Tong, the first deputy prime minister and defense minister, who discussed his plans with Michael Richardson of the International Herald Tribune.

Q. Will the substance or style of government change when you become prime minister?

A. Since 1985, the prime minister has left the day-to-day government to me and my colleagues. So the substance and style of what Singaporeans have got used to in the last five years will not change very much.

Q. Mr. Lee will remain in the cabinet as a senior minister and will continue as secretary-general of the governing People's Action Party. Will he be able to overrule you if he feels that wrong decisions are being made?

A. Only if he can convince the rest of the cabinet. As a cabinet member, he will have a say on policy like any other minister.

He can overrule the prime minister only if the prime minister decides that the policy will be put to a vote. But where political judgment is required, the prime minister must prevail.

Q. Many Singaporeans are preoccupied with material success. Do national values need to be reordered now that the country has achieved one of Asia's highest standards of living?

A. I don't think it's that easy to do. Economically, we are like a cyclist — if we don't keep the bicycle moving we will lose our balance. The emphasis on the necessity to work hard and pursue excellence in the economic field will continue.

But I would like to place more emphasis on graciousness — get Singaporeans to read more, to appreciate music, to be more thoughtful, to take on more sports so that we can all lead a happier and more fulfilling life. I want to emphasize this without detracting from the pursuit of economic excellence.

Q. A substantial number of young Singaporeans emigrate each year, apparently to escape from a small, tightly controlled society, from the pressure of a conformist educational system and from the obligation on males to undergo two and a half years of military service. What is the government doing to try to stanch this hemorrhage?

A. I question some premises you have articulated on why Singaporeans emigrate. Singapore is small, yes, and people look for space, more elbow room, so they emigrate.

How do we stem this outflow of talent? The only way is to compete, to make Singapore a place which will appeal to them. I think they want to have good job opportunities and good education for their children primarily.

If tight control is indeed a factor, which I dispute, then we can find out what irks them and loosen up the areas where they find oppression.

Q. What can Singapore offer its people that they cannot find elsewhere?

A. An Asian lifestyle, and the feeling

that this place belongs to me and I can make it better. Now if you migrate to Canada, the United States or Australia, that place doesn't quite belong to you. Can you shape it the way you want? Here, you can.

Q. Why do you dispute that political control is one of the factors impelling Singaporeans to emigrate?

A. I think it is one of the convenient additional reasons which people give when they have decided to migrate for other reasons. However, I intend to do more to encourage political participation. But it has to be channeled to meaningful participation, with the focus on real issues and on solutions to problems.

Q. At a time when communism in Southeast Asia and many other parts of the world has crumbled, Singapore recently tightened its already extensive punitive controls over the foreign press and said it would retain the Internal Security Act that gives the government power to detain people indefinitely without trial. Why?

A. Communism has crumbled and is unlikely to attract many new comrades. But the technique of subverting a country can easily be passed on. We are a multiracial society, and there will always be some people who hold extreme views. Such groups may employ subversive techniques to destabilize the country. The Internal Security Act is there to deal with such problems. We have encouraged those who disagree with us to do so openly. If they do so, the ISA will not be used against them.

Q. And the press legislation?

A. Several foreign papers circulate here daily or weekly. They have a fairly wide circulation because we are English-educated. They have their own notion of what Singapore should be. But that is not for them to decide. It is for Singaporeans to decide.

If these papers indulge in their own vision of what Singapore should be, we will act against them. We expect the foreign press based here to report on events, not to be a participant.

## ISRAEL: Shamir Sets Conditions

(Continued from page 1)

late Sunday, Israel has not received that commitment from Washington. Nor does its formula for a non-specific mandate for Mr. Aime appear likely to be acceptable to the Security Council.

"We are in touch with the State Department and trying to work out a compromise," an official said. "But we are waiting for some kind of assurance that if we make a concession, that will be the end of the problem."

Several officials said they were not optimistic that an agreement would be reached. "If it were easy we would have done it already," said one. "To tell the truth we are not very enthusiastic about this."

Israel has been haunted by pressure from the United Nations, and mounting tensions in its relationship with the United States, since the clashes between the police and Palestinians erupted on the Temple Mount, or Haram as Sharif, on Oct. 8.

After an initial Security Council resolution, Mr. Shamir bluntly refused to accept a mission from Mr. Perez de Cuellar, turning aside a personal appeal from Mr. Bush to accept a compromise in the form of a visit from one official like Mr. Aime.

Since then, however, Mr. Shamir's apparent calculation that international pressure would gradually subside in the face of his tough stand has proved unfounded, several observers said.

In particular, government officials and American Jewish leaders

have been alarmed by indications that Mr. Bush might go along with the proposed Geneva conference, an unprecedented event whose very convening would be a diplomatic disaster for Israel.

"Shamir miscalculated," said a source. "Now the leadership here has finally woken up to the idea that there has to be some kind of compromise."

Officials said the Israeli cabinet discussed the diplomatic maneuvering briefly in its session Sunday after the hard-line housing minister, Ariel Sharon, asked whether a deal was in the works. According to Israeli radio, Foreign Minister David Levy responded by saying that negotiations were under way with the United States, but that no decision had been made on whether or not to agree to a compromise.

### Israeli Police Shake-Up

Two top Israeli police officials were replaced in a shake-up stemming from the Temple Mount killings. The Associated Press reported Sunday from Jerusalem, quoting officials.

The Jerusalem police chief, Aryeh Bibi, and Rachamin Comfort, the commander of the southern police district, which includes Jerusalem, were reassigned. Both were strongly criticized in a government report on the Temple Mount killings.

Also Sunday, the authorities announced that 2,400 more Palestinians would be banned from entering Israel for security reasons, and an Israeli soldier was shot and wounded in the West Bank.



China's foreign minister, Qian Qichen, left, being welcomed to Baghdad on Sunday by Foreign Minister Tariq Aziz of Iraq.

## ALLIES: A Plea for More Time

(Continued from page 1)

the foundation for the use of force should that become necessary."

Mr. Bush took a major step in this direction last week with his announcement that he would deploy up to 200,000 additional troops to prepare for possible offensive action.

Mr. Baker devoted much of his time on his tour to resolving problems over military coordination. He sought to work out details of how troops would be in charge of troops in offensive operations and how to provide supplies and logistical support to the multinational force in the event of war.

While in Saudi Arabia, Mr. Baker reached explicit understandings about the command and control of troops, and in other capitals he said that any decision to go to war would have to be made by political leaders at the highest level.

Thus, although Mr. Baker has said the United States already has all the legal authority necessary under the United Nations Charter to act alone if necessary, his trip appeared to have reduced the chances that the United States would

launch a unilateral strike against Iraq as long as there is no new provocation, such as a terrorist attack or harm to American hostages.

Mr. Baker said that the administration had not yet drafted a U.N. Security Council resolution authorizing the use of force, and diplomatic sources said the leaders whom Mr. Baker met with expressed ambivalence about this course of action.

The secretary of state did not ask for, nor did he get, public commitments from any of the other four permanent members of the Security Council — Britain, France, the Soviet Union and China, all of whom have a veto — to support such a resolution. However, in private talks, none expressed serious objections to it, rather, according to diplomats and officials, there is a sense that such a resolution is not an urgent necessity.

At the same time, there was nearly unanimous opinion in Arab and European capitals that if the confrontation did come to war, the only way to hold the coalition together would be to enter hostilities under the umbrella of the United Nations.

## HASSAN: Morocco Appeals for Arab Summit on Gulf

(Continued from page 1)

Kuwait as the first step of any solution to the Gulf crisis.

However, the official Damascus newspaper Al-Thawra said Sunday that President Hafez Assad's government opposed the use of force to push Iraq out of Kuwait. "This would serve no pan-Arab or national cause," it said.

Hassan said he was willing to host an Arab summit conference within the week. He added that any other site would be acceptable, as well. What was important, he declared, was to get started on finding an Arab solution to the Gulf crisis before it slid into a war.

"Who would not react if Baghdad was attacked, or Dhahran, Riyadh or Bahrain was bombed?" he asked. "Which Arab head of state would remain calm and be just a spectator as if at a football match if war breaks out?"

Hassan linked a solution of the Gulf crisis with resolution of the long-standing Arab-Israeli dispute over Palestine.

President Hussein repeatedly has said that his annexation of Kuwait can be discussed only in the context of regional problems including Israeli occupation of Palestinian and Syrian land and Syrian and Israeli occupation of Lebanese land.

The United States has strenuously opposed linking the Gulf crisis with the Arab-Israeli dispute. But the Iraqi position has attracted many Arabs, who question why the United Nations has massed an international force in the Gulf to enforce Security Council resolutions against Iraq while similar resolutions on the Arab-Israeli conflict have remained in abeyance for 23 years.

China Presses Hussein Foreign Minister Qian Qichen of

China arrived Sunday in Baghdad hoping to persuade Iraq to leave Kuwait before it was forced out in a war. Reuters reported from the Iraqi capital.

"I think that the armies stationed in the Gulf are too many, in a way more than necessary," he said.

Mr. Qian met with Foreign Minister Tariq Aziz shortly after his arrival and was due to have talks with President Hussein.

A Chinese diplomat in Baghdad said that Mr. Qian would tell President Hussein that while China would not support a resolution authorizing force, it would not veto it either.

China has veto power, along with the other four permanent members of the Security Council — the United States, Britain, France and the Soviet Union. Iraqi officials had said President Hussein's hopes for a veto rested with China.

## CONGRESS: War Timetable

(Continued from page 1)

he was considering a ground invasion to drive Iraq out of Kuwait.

"I think that's the wrong strategy," Mr. Nunn said in a television interview. "I think getting bogged down in a ground war there is the last thing we want."

President Bush has not explained the strategy and I have a lot of questions," he said. "The first thing the president has to say is why we're in such a hurry."

The House Armed Services Committee chairman, Les Aspin, Democrat of Wisconsin, said the U.S. "definitely" would attack if there was no progress in forcing Iraq out of Kuwait.

Mr. Aspin supported the new deployment announced by the president.

"I support it for two reasons," he said. "Number one, to convince Saddam Hussein that he'd better get out, that this whole thing is very serious. But secondly, if we do go to war, the more troops you've got there, the quicker the job gets done and the less casualties."

The Senate Democratic leader, George J. Mitchell, of Maine, said that under normal circumstances only Congress could declare war. But he added that Mr. Bush, under his powers to protect U.S. citizens and interests, could order an attack on Iraq if American lives were endangered.

The chairman of the Senate Foreign Relations Committee, Claiborne Pell, Democrat of Rhode Island, cautioned that American involvement in a Gulf war "could easily turn into a war of the Arab countries versus the United States — and that's something we don't want to see happen."

Asked whether he believed Egypt and Syria, who have lined up with the anti-Iraq forces in the United States, Mr. Pell said they would. He characterized President Hosni Mubarak of Egypt as "a man of honor."

## FORCE: GIs Get Message

(Continued from page 1)

thing we have if we go to war against the Iraqis."

General Johnston and other senior officials said they had not yet fully informed U.S. troops here of the decision not to permit any units to rotate home as reinforcements come in.

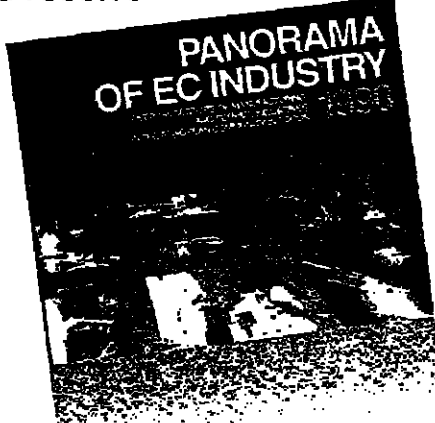
"That tells us one thing," said Corporal James M. Capps of the 3d Marine Regiment. "If they say it's an offensive, we're ready to go."

It was an acceptance of battle echoed by several Marines who said they would rather fight than sit in the sands indefinitely.

"We know a war is a war," said Sergeant Frank Huerta, 28. "Some of us won't make it back. But we say, 'Let's do it so the rest of us can get home.'"

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## SUHARTO: An Indonesian Family With a Future?

(Continued from page 1)

nies with interests in everything from shipping to insurance, coals to timber, hotels to television, and cars to condoms.

The youngest son, Hutomo Mandala Putra, 28 and known as Tommy, runs the increasingly aggressive Humpuss Group, which has close ties to the state oil monopoly, Pertamina, and new interests in aviation.

Many Indonesians have long been prepared to see the flourishing of Mr. Suharto's children as understandable paternal indulgence. But the children's interests have expanded so quickly, and their involvement in most major

government projects has become so egregious, that some well-connected Indonesians, including the hierarchy of the armed forces, fear that such excess is undermining the revolutionary principles of the state and even the renowned stability of the country.

"The family is an acrimonious issue, and worse, it's self-destructive," said a senior member of Golkar, the ruling party. "It undermines Suharto's image as a statesman, and it goes against the very notion of fairness the country stands for, and so has acquired an ideological dimension. The people see it; they don't have to be told."

In the past, in what was a monopolistic and corporatist state, there was quiet criticism of Mrs. Tien Suharto, who was sometimes called Mrs. Tien Perent. But the progressive deregulation of the economy and large development projects have led to more opportunities, as well as more perceived unfairness when contracts seem to be given on privileged grounds.

"We've moved from the generation of 10 percent to the generation of 30 percent," said a respected Indonesian scholar, who like everyone on this issue, spoke on the condition of anonymity. "At least 80 percent of major government projects go in some form to the president's children or friends."

"It's the breadth and the crudeness of the arrangements that's so harmful," said a prominent editor. Since 1966, under Mr. Suharto's New Order, he said, Indonesia has been a collaborative system of co-optation, where people have happily lived and profited by the five D's: *danuh, duka, dengar, diam, dan* — come, sit, listen, silence, money.

But now, he said, there is pressure for political liberalization stemming naturally from economic development and generational change. And there is embarrassment and anger over what many see as Mr. Suharto's betrayal of the revolutionary ethos and his apparent failure to distinguish between his family's interests and those of the state.

As the jockeying continues over whether Mr. Suharto will run in 1993 or decide to retire, the issue of his family's businesses becomes

more important, not just as a lightning rod for criticism but also as an inducement for Mr. Suharto to hold on to power, if only to protect his children.

Some Indonesian analysts believe that a deferential appeal to Mr. Suharto to retire as president might yet succeed if it is clear that he could continue to run the ruling party and head the Supreme National Advisory Council mandated in the constitution. Such an appeal must be handled by a senior retired general with no obvious personal interest, the analysts say, and it must include a promise to protect the largest part of the family's holdings.

Both politically and economically, they say, it would be a cheaper price to pay than a confrontational succession, and it would preserve the progress of recent years toward more open and less authoritarian politics.

The country has not had a peaceful transition of power since independence. At least 500,000 people died in 1966 in an army-led purge of the Communist Party that followed a failed coup. With that kind of history, stability and a constitutional succession are desired even by Mr. Suharto's harshest critics.

That is a desire Mr. Suharto has been skillful at manipulating. Trying to short-circuit succession talk in September 1989, he warned editors: "If they want to replace me in an unconstitutional way, I'll clobber them, whether they are politicians or generals." But talk of succession has re-emerged, and with more force.

Others feel that too much now is at stake for such a quiet arrangement between Mr. Suharto and the army. These analysts say that any successor will feel great pressure to move against the children, and that it will be very difficult for Mr. Suharto to trust assurances, even if sincere, that his children will be protected after he is gone.

"It used to be that people said, 'Well, no one has ever heard of a retired sultan,'" an Indonesian scholar said. "Now the question is different: How does Suharto get off the tiger without being eaten by the tiger? I think he'll choose to stay on, but I'm worried about the consequences."



## WORLD BRIEFS

### Christian Militiamen Leave Beirut

BEIRUT (Reuters) — Militiamen of Lebanon's most powerful Christian group flattened barricades along the Green Line during the night, packed weapons into trucks, lifted mines from roads leading to the Muslim sector, and left Beirut.

Security sources said the Lebanese Forces, a 10,000-man private army led by Samir Geagea, was expected to complete its withdrawal from the capital within a few days. It is one of the last major groups leaving the city under a plan to restore government control after 15 years of civil war.

Withdrawal from its urban stronghold in East Beirut leaves the Geagea force still in control of coastal and mountain areas north of Beirut, amounting to about two-thirds of Lebanon's Christian area.

### Italy to Mediate Mozambique Talks

ROME (AFP) — Italy has agreed to mediate between the Mozambique government and the rebel movement Renamo, which began a new round of peace talks here Friday, the foreign ministry said.

Roman Catholic Church figures have also been invited to take part in the mediation, the statement said. They were involved in the initial contacts between the two sides nearly a year ago.

The latest encounter had shown there was "the will to keep talking until the definition of all questions related to the realization of a lasting peace in Mozambique," the Foreign Ministry statement went on. The designation of mediators was seen here as a step forward in the peace process, which has been stalled since July.

### In Moscow, NATO Chief Cites Change

MOSCOW (UPI) — General Jomr R. Galvin, the commander of NATO forces, arrived Sunday in the first visit to the Soviet Union from the military leader of the Western alliance.

General Galvin hailed changes in the the Moscow-led Warsaw Pact. "The main difference now in the relations of the leaders of the two military blocs is the openness," he said, "the sincere desire to seek compromises on all questions." Soviet spokesmen have said that the pact is an anachronism militarily and that it and the North Atlantic Treaty Organization should be turned into political institutions.

### 204 on Hijacked Thai Jet Leave India

CALCUTTA (UPI) — All 204 passengers who were released after two Burmese pro-democracy students hijacked a Thai Airways jetliner and forced it to land in India, were flown to their original destination of Rangoon on Sunday, the police said.

The flight was en route from Bangkok to Rangoon on Saturday when the two Rangoon University students, who claimed to be armed with explosives, forced the pilot to fly to India and land in Calcutta.

All 204 passengers and the 12-member crew were released after eight hours of negotiations. The students, who said they hijacked the plane to focus world attention on military repression in Burma, were in custody in Calcutta awaiting a court appearance.

### Paris Reducing Pacific Nuclear Tests

SINGAPORE (IHT) — Prime Minister Michel Rocard of France said Sunday that his country had decided to reduce the number of nuclear tests in French Polynesia and had "so informed the governments of Pacific countries."

Mr. Rocard, here on a visit, gave no further details on future nuclear tests but an Australian official said that France had decided that the number would be cut from eight a year to no more than six. The official added that so far this year, France had conducted four nuclear tests in the Pacific.

Mr. Rocard said the reduction in tests was made possible by the declining nuclear threat from the Soviet Union.

### CNN Will Appeal to Supreme Court

ATLANTA (LAT) — Cable News Network will go the Supreme Court this week in its fight to broadcast taped conversations between Manuel Antonio Noriega and his attorneys, lawyers for CNN said.

CNN will ask the Supreme Court to overturn a ruling by a U.S. Court of Appeals on Saturday upholding a ban on broadcasting the tapes. The Justice Department said such broadcasts could interfere with a trial for the former Panamanian dictator, who is charged with drug trafficking.

On Friday, Judge William H. Rehnquist of U.S. District Court said the network would be in contempt of court if it broadcast the tapes, but CNN aired them anyway, arguing that the order amounted to unconstitutional prior restraint.

### French Utility Seeks Hungary Project

PARIS (AFP) — France is negotiating to build two 900-megawatt reactors for a nuclear power plant in Hungary, Pierre Delaporte, chairman of Electricite de France, said here Sunday.

Hungary is well situated to buy and sell electricity, Mr. Delaporte remarked of the proposed joint deal. He noted that most transnational linkages were made, Hungary would lie on the dividing line between East and West European electricity networks.

## TRAVEL UPDATE

The State Department recommended that Americans put off nonessential travel to Haiti because of "the heightened possibility of civil disturbances" linked to Dec. 16 elections. The department's travel advisory said there did not appear to be threats to Americans in Haiti, but suggested that U.S. citizens avoid crowds and areas of unrest, as well as promptly registering with the American Embassy's consular section. (IHT)

The U.S. Embassy in Lima warned Americans to avoid central Lima near government buildings, foreign embassies, and popular restaurants and night spots because of a risk of increased terrorism. (UPI)

A two-day blockade of a highway at Weil, Germany, was lifted after Swiss authorities came to terms with about 600 participating gypsies, who had not been allowed to cross into Switzerland because they lacked entry visas. (AP)

Piles of trash smoldered Sunday in Rome as collectors began clearing a backlog caused by a two-day protest shutdown at the city's main dump site. (UPI)

### This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Canada, Colombia, Japan, Guam, Puerto Rico, Taiwan, United States.

WEDNESDAY: Guinea-Bissau, Jordan.

THURSDAY: Brazil.

SATURDAY: Zaire.

SUNDAY: Haiti, Morocco, Oman.

Source: J.P. Morgan, Reuters.

## WEATHER

EUROPE				ASIA			
	HIGH	LOW			HIGH	LOW	
Amsterdam	C	F	E	Bangkok	30	23	C
Algeria	15	8	C	Beijing	15	8	C
Bombay	30	23	C	Bombay	30	23	C
Buenos Aires	15	8	C	Calcutta	30	23	C
Berlin	12	5	C	Chongqing	15	8	C
Bombay	30	23	C	Guangzhou	25	18	C
Brussels	12	5	C	Hankow	15	8	C
Cairo	15	8	C	Harbin	10	3	C
Copenhagen	10	3	C	Heilong			
Dakar	15	8	C	Hong Kong	25	18	C
Damascus	15	8	C	Kobe	15	8	C
Dhaka	15	8	C	Manila	25	18	C
Dublin	10	3	C	Medan	25	18	C
Edinburgh	10	3	C	Osaka	25	18	C
Geneva	12	5	C	Seoul	15	8	C
Hankow	15	8	C	Singapore	30	23	C
Hong Kong	25	18	C	Taipei	25	18	C
Houston	15	8	C	Tokyo	15	8	C
London	12	5	C				
Los Angeles	15	8	C	AFRICA			
Lyons	12	5	C	Algiers	25	18	C
Madrid	15	8	C	Cairo	25	18	C
Manila	25	18	C	Casablanca	25	18	C
Medan	25	18	C	Conakry	25	18	C
Memphis	15	8	C	Dakar	25	18	C
Miami	15	8	C	Harare	25	18	C
Minneapolis	10	3	C	Johannesburg	25	18	C
Moscow	10	3	C	Khartoum	25	18	C
Mumbai	30	23	C	Kinshasa	25	18	C
Nairobi	25	18	C	Lima	25	18	C
Paris	12	5	C	Lisbon	15	8	C
Perth	15	8	C	Los Angeles	15	8	C
Phoenix	15	8	C	Manila	25	18	C
Pittsburgh	10	3	C	Nairobi	25	18	C
Portland	10	3	C	San Jose	25	18	C
San Francisco	15	8	C	Sao Paulo	25	18	C
Seattle	10	3	C	Tripoli	25	18	C
Shanghai	15	8	C				
Singapore	30	23	C	LATIN AMERICA			
Sofia	10	3	C	Buenos Aires	25	18	C
Stockholm	10	3	C	Cairo	25	18	C
Taipei	25	18	C	Lima	25	18	C
Tokyo	15	8	C	Rio de Janeiro	25	18	C
Winnipeg	10	3	C				
				NORTH AMERICA			
				Albuquerque	15	8	C
				Albany	15	8	C
				Anchorage	15	8	C
				Aspen	15	8	C
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				Denver	15	8	C
				Detroit	15	8	C
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## AMERICAN TOPICS

### Ellis Island Tourists: Taken for a Ride?

One of the thrills of visiting the new Ellis Island Immigration Museum in New York Harbor is to arrive there just as the immigrants did — by boat. That is the view of the National Park Service, the Los Angeles Times reports.

But it is a thrill that some New Jersey officials say the thousands of visitors who daily travel from the New Jersey side of the harbor could do without, since there is an existing footbridge.

The museum, refurbished at a cost of \$165 million after decades of disuse, has been overwhelmed with visitors since it opened in September. Admission to the 27.5-acre (11.2-hectare) island is free. But 10-minute ferry rides from New Jersey or New York City cost \$6 for adults and \$3 for children 11 and under.

"Tell me about it," said Carolyn Lawson of Washington, D.C., when she heard about the footbridge. She had just shelled out \$33 for herself and seven grandchildren, two of them over 11, for the ferry ride.

The 1,358-foot (414-meter) bridge was used by construction crews during renovations. Some officials are moving to stop its scheduled demolition.

The immigrants came here very poor," said Mayor Gerald McCann of Jersey City. "Now people are being charged \$6 for a ferry ride when it's just as easy to walk."

### Short Takes

Peacetime soldiering is a healthy alternative to civilian life, according to a U.S. Army survey published in *The Journal of the American Medical Association*. Researchers said: soldiers had half the death rate of civilians of the same age, race and sex. But Sam Sarkesian, a political science professor at Loyola University in Chicago, said that was misleading because it reflected peacetime mortality and "we've been involved in a war virtually every 10 years since the end of World War II."

The U.S. Postal Service is setting aside a large portion of the old main post office in Washington to house the country's collection of 16 million stamps.

The National Philatelic Collection has been part of the Smithsonian Institution since 1911. The new museum, to be operated jointly by the Smithsonian and the postal service, will have 76,000 square feet (more than 7,000 square meters) of space, nearly 10 times its previous space.

The Bush administration plans to give priority in its purchases to cars and trucks using relatively nonpolluting natural gas and methanol, according to the magazine *U.S. News & World Report*. Several states and localities have similar policies. The federal government was persuaded by the leap in oil prices and the new Clean Air Act encouraging the use of alternative fuels.

Professor David P. Millington of Princeton University, who has pioneered in the teaching of engineering courses to liberal arts students, was one of the winners of the \$50,000 Charles A. Dana awards for innovation in education and health. He maintains that "liberal arts schools that do not deal with engineering are leaving out an important component of liberal education."

A New York Times reader, Beryl W. Slater, reports sitting near a father and son at a New York Giant football game. The little boy obviously was attending his first big sporting event. As the players took the field to thunderous cheers, he asked, "Daddy, is this live?"

### About People

Former Oklahoma quarterback Charles Thompson, serving a two-year sentence for drug dealing, testified recently that he lectured children about the evils of cocaine during the period he was selling the drug. "I never said I didn't do drugs. I said they should say no to drugs."

In 1971 the actor Sean Connery turned his back on his money-making role as the British intelligence agent James Bond and ventured farther afield. He has since been a resounding success in such varied films as "The Man Who Would Be King" (1975), "The Untouchables" (1987) and "Indiana Jones and the Last Crusade" (1989). Lawrence Van Gelder of *The New York Times* writes, "The man some people might have kept bottled in Bond turned out to be even better when uncorked."

Arthur Higbee

## Secret U.S. Files Portray Picasso as Potential Security Threat

By Herbert Mitgang

New York Times Service

NEW YORK — Although Pablo Picasso was born in Spain, lived most of his life in France and never visited the United States, the FBI and the U.S. State Department maintained a voluminous secret dossier on the titan of 20th-century art.

These documents show that high officials spent a good deal of time and effort worrying about what effect Picasso, who joined the French Communist Party in 1944, might have on American opinion and how best to use him for propaganda purposes.

It is a measure of the Cold War hysteria of the 1950s and afterward that Picasso's very name aroused fear and wonder in government circles.

Recently, Robert B. Davenport, inspector in charge of the FBI's Office of Public Affairs, declined to comment on why files were kept on foreign citizens, then or now, but he noted, "There is no current investigation on Pablo Picasso."

American citizens have long had files kept on them because of their

political views and affiliations, beginning in earnest in the early 1920s with J. Edgar Hoover's rise to power as FBI director. But recently declassified documents reveal that Europeans in various fields of the arts were also tracked closely, without their knowledge, both at home and when they traveled here, or intended to.

A few months ago, after a two-and-a-half-year wait, a reporter obtained the Picasso file under the Freedom of Information Act from the FBI and the State Department, both of which maintained files on the artist.

It was also learned that the FBI had files on prominent authors, including the Nobel laureates Thomas Mann, Sinclair Lewis, Ernest Hemingway, William Faulkner, John Steinbeck and Pearl Buck. Four artists were also included in the files: Alexander Calder, Ben Shahn, Georgia O'Keeffe and Henry Moore.

Many of the files showed that authors and artists were watched by the FBI because they had sided with the Loyalists against Franco's Fascists during the Spanish Civil War.

The files showed that federal agencies kept track of Picasso, who died 17 years ago at the age of 91, for some 25 years. They monitored what he wrote, said and signed, his whereabouts and his affiliations with other distinguished figures in the arts — including Fernand Léger, the writer Louis Aragon, Le Corbusier and Charles Chaplin.

In the files, Picasso is labeled by

dating from his fund-raising activities after the end of the Spanish Civil War in 1939 on behalf of refugees from Franco's Spain.

For example, his name turns up in the file kept on Dorothy Parker, the American writer, who was chairman of the Joint Anti-Fascist Refugee Committee.

Although Picasso was clearly anti-Nazi and anti-Fascist, he had

attention, it should be furnished to the Bureau in view of the possibility that he may attempt to come to the United States."

What initially turned Mr. Hoover's attention to Picasso, according to that document, was a statement written by the artist in 1944, called "Why I Became a Communist."

It reads, in part: "My joining the Communist Party is a logical step in my life, my work and gives them meaning. Through design and color, I have tried to penetrate deeper into a knowledge of the world and of men so that this knowledge might free us. In my own way I have always said what I considered most true, most just and best, and therefore, most beautiful. But during the oppression and the insurrection I felt that that was not enough, that I had to fight not only with painting but with my whole being."

In 1950, Picasso contemplated a trip to the United States. His file contains a report from *The Washington Post*, dated March 4 of that year, noting that the State Department had refused to permit a 12-member European "peace delegation," headed by Picasso, to visit the United States.

The Picasso group was formally called the World Congress of Parliamentarians of Peace, and the State De-

partment branded it the "leading Communist-front organization in the world."

The biographical data in the Picasso file includes observations about his personal life: "Lived quietly with a woman many years his junior, who was also an artist and Communist, by whom he had two children." The woman referred to is Françoise Gilot, an artist in her own right.

Other documents stressed the artist's international connections. An FBI memorandum in 1950 cited hearings before a Senate Immigration and Naturalization subcommittee that linked Picasso and Charlie Chaplin.

In reviewing Chaplin's case, the memorandum said, "It was brought out that Chaplin had sent a cable to Pablo Picasso, an admitted French CP member, urging him to stage demonstrations against the U.S. in France."

A later memorandum from the Los Angeles office of the FBI questioned the truth of this statement.

An almost totally censored page in Picasso's file, originating in the FBI's New York office and dated June 16, 1950, makes the most serious accusation against the artist, "Espionage — R" (for Russia). The file contains no additional documents that would justify placing him in this category.

It is a measure of the Cold War hysteria of the 1950s and afterward that Picasso's very name aroused fear and wonder in government circles.

the FBI as a "Security Matter — C" (for Communist) and as a possible "Subversive" — by its standards a threat to the security and welfare of the United States.

But an analysis of the 187 pages in the Picasso dossier shows no evidence to prove these allegations. As far as can be discerned from the heavily censored material, the Picasso dossier was begun in 1944.

There are references to the artist

rejected an opportunity to escape to America during World War II, preferring to continue working in Paris even after the city was occupied by the Germans. It was forbidden to exhibit his pictures, or print his name in the newspapers.

As early as 1945, Mr. Hoover personally ordered his special agent in the reopened American Embassy in Paris to keep an eye on Picasso.

In a memorandum dated Jan. 16, 1945, one of the key documents in the Picasso dossier, Mr. Hoover wrote: "In the event information concerning Picasso comes to your

## King Accused of Plagiarism

Rights Leader Pirated Part of Thesis, Scholars Assert

Compiled by Our Staff From Dispatches

The Reverend Martin Luther King Jr. plagiarized or inadequately credited other authors' works in his doctoral dissertation and other scholarly writings, according to a Stanford University history professor appointed by Mr. King's widow to edit the papers of the slain civil rights leader.

As a result of that finding by Clayborne Carson, the historian, and by other researchers, Boston University is reviewing Mr. King's 1955 doctoral dissertation in theology. But it was considered unlikely that the degree would be revoked.

"We found that there was a pattern of appropriation, of textual appropriation," said Mr. Carson.

Mr. Carson and other scholars who have seen the papers declined to say how great a percentage of the material had been plagiarized, but they said it was sufficient to indicate a serious violation of academic principles.

Mr. Carson and Mr. King's associates in the civil rights movement said that the discovery of plagiarism by Mr. King in his student days, no matter how disturbing to scholars, should not detract from later achievements of the Nobel Peace Prize laureate.

Mr. Carson, an expert in the history of civil rights movement, said the findings of plagiarism were emotionally "draining" for him and other researchers.

"There is very little elation about this kind of discovery," he said. "But I wouldn't be a historian if I didn't think it's better to know than not to."

plagiarism "merit close scrutiny" and he appointed a committee of scholars to look into the matter.

"Thirty-five years ago, as now, the university's standards for the proper use and attribution of scholarly sources were strict, explicit and explicitly made known to all graduate students," Mr. Westling said.

The findings have delayed an ambitious plan to edit and publish all of Mr. King's papers in 14 volumes.

The first two volumes, covering Mr. King's life until just before the start of the Montgomery bus boycott in 1955, originally were to be published this year.

But now all the papers are being scrutinized for other borrowing and are not expected to be published until 1992, complete with annotations showing similarities to other authors' works. (LAT, NYT)

## New York Post Gains From Strike at News

New York Times Service

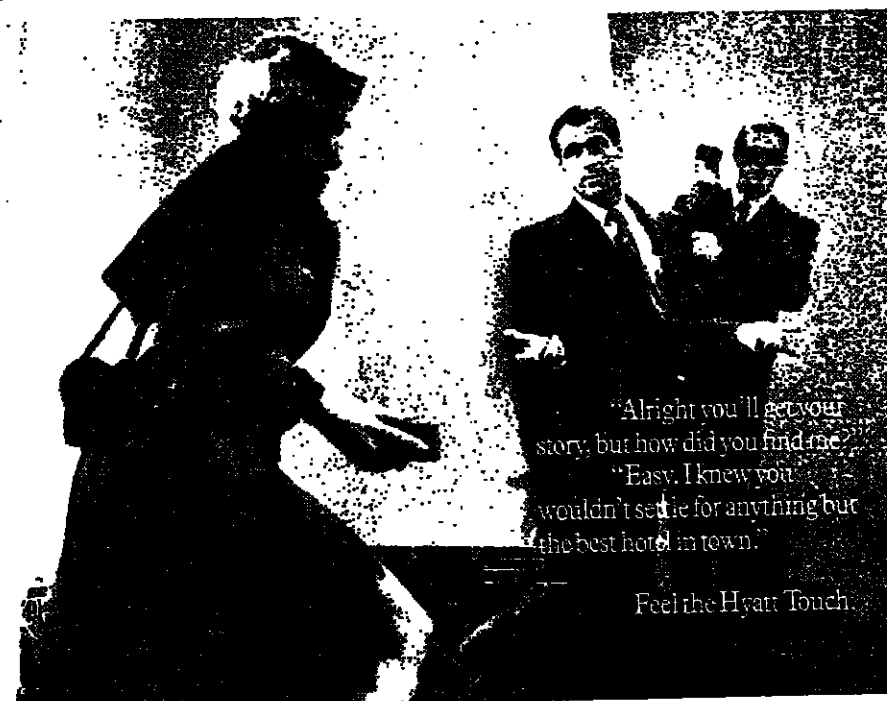
NEW YORK — The New York Post has continued to gain from the troubles of the strike-bound New York Daily News, hiring its rival's leading columnist and publishing 13 pages of advertising from Alexander's department store, one of the News's main sources of revenue.

Officials of the striking unions at the News said the loss of Mike McAlary, who for two years had been regarded by many readers as the daily's premier columnist, would be devastating for the paper.

At the Post, meanwhile, the publisher, Peter S. Kalikow, said Saturday that the paper's advertising

had doubled since the News strike started on Oct. 25.

The News has not released circulation figures since the strike began, but unions and officials at other newspapers have estimated paid circulation at 200,000, compared with the paper's previous figure of slightly more than 1 million.



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# Herald Tribune

## Going Too Far Too Fast

President Bush has supplanted a defensive strategy in the Gulf with what sounds like a unilateral declaration of offense. Pleading a need to provide an "adequate offensive military option" against Iraq, Mr. Bush has ordered 150,000 additional U.S. troops to Saudi Arabia. And now the Pentagon has decided not to rotate the troops already there until the crisis ends.

All told, the buildup would double the combat units already deployed — and increase the risks of a war the president insists he does not seek. So fundamental a change in American strategy cries out for something more than a cursory announcement to startled reporters.

At home and abroad, Mr. Bush has won impressive support for a collective policy of threatening the economic strangulation of Iraq. Now, patience frayed, he has suddenly doubled the military stakes. Why the abrupt shift? Why move so fast before existing measures have had time to work? And why move so far without first winning congressional support and the moral and legal help of a United Nations resolution authorizing the use of force?

Mr. Bush's best argument is that the alliance needs to convince Saddam Hussein that he has no choice but to submit to UN demands for an unconditional pullout from Kuwait. It makes tactical sense to persuade Iraq that the allies are not bluffing. But Saddam Hussein can read the world press. Mr. Bush's announcement seems meant to sound tough abroad, but at home his aides are quick to assure Americans that there is little chance U.S. forces will go to war.

Mr. Bush's new threat would be more credible if it grew out of open debate in

## Congress Deserves a Say

President George Bush has taken a logical step in the Gulf, but not the country's last. To leave forces in a defensive formation protected the Saudis but implicitly protected the Iraqis occupying Kuwait as well. Now by embracing the idea of an offensive option, harnessing it to the limited policy goals of the United Nations and ordering extra ground-force deployments, Mr. Bush gives the American-led Gulf coalition a more credible military threat to free Kuwait if Saddam Hussein refuses to withdraw. Preparation for offensive action will take months; the clock tick is ticking.

How will President Hussein react to this latest signal? He seems suspended between two conflicting propositions — that the United States is inherently aggressive and that the United States lacks the heart to fight. If he settled on the former reading, he might yet take the Bush announcement as reason to attack before American and allied forces build up. If the latter, then the United States itself may come under tightening pressure to attack. Either way, the danger is being noticed up.

Even as President Bush was speaking, the Kremlin was showing a new public tolerance for the use of force against Iraq as a last resort. That can only help Soviet diplomacy, which aims at achieving UN aims promptly and then working out the further containment of Saddam Hussein and Iraq. Earlier, President Bush had resisted submitting the issue of force directly to the UN

## The Abortion Factor

For 17 years, opponents of the Supreme Court's ruling on abortion in the Roe v. Wade case have been active in political campaigns in an effort to test the ruling's limits and promote the appointment of more conservative judges. Although abortion rights forces entered the fray in large numbers more recently, especially after the Supreme Court opened the door to greater state regulation of abortion. In the elections just completed, abortion was a major issue in more contests, state and federal, than ever before. Both sides promoted candidates, committed volunteers and spent a lot of money. Did either side win decisively? No. The results varied around the country.

In states where the issue was an important factor, abortion-rights candidates won governorships in Florida, Texas, Rhode Island, Georgia, Minnesota and New Mexico, and their opponents won in Michigan, Ohio, Kansas, Iowa and Pennsylvania. In California, both candidates favored abortion rights, but the winner replaced an abortion opponent.

The action in the states now, so these victories are important. In Michigan, for example, Governor James Blanchard had vetoed restrictive legislation, which his successor will be much more likely to sign. Conversely, Governor Bob Martinez, who lost his Florida office, had been a strong

## Other Comment

**Movement in Albania**

The report presented by Ramiz Alia to his party's Central Committee removes some of the doubts about the Albanian leader's willingness to move ahead on the path of relative democratization.

Albania had remained, to take one example, the only country in the world to forbid the opening of Muslim or Christian places of worship, said Mr. Alia, adding that the constitution would be amended as a result. It will also be changed to allow the enactment of a new electoral law which, if not going so far as to allow a multiparty system, will at least permit voters to choose among a number of candidates in a secret ballot.

The Albanian leader was firm in insisting that the party would no longer take the place of the state and that the party's very survival depended on its developing "a true internal democracy." Clearly, Tirana could not hope to develop the diplomatic openings it has undertaken in several directions without bringing the regime a bit more in line with the norms demanded by democracy.

— Le Monde (Paris).

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## By Air: First, Flights Over Kuwait

By Andrew Bennett

WASHINGTON — When political and military leaders contemplate the use of military force, the only thing more dangerous than an unquestioned assumption is a false analogy. Both are present in the U.S. administration's thinking on the Gulf.

Now that President George Bush has announced plans that could bring total U.S. ground forces in the Gulf to 380,000, the unquestioned assumption seems clear enough: The use of American troops is an all-or-nothing proposition requiring an extensive air strike in Iraq followed by an equally extensive ground offensive into Kuwait and perhaps even Iraq.

The false analogy is to the American experience in Vietnam. The military half of the analogy warns against the dangers of incremental escalation. The political half argues that military operations have to be quick and decisive to maintain political support.

Militarily, however, the Gulf could hardly be more unlike Vietnam. First, Iraq can get no new equipment from its military suppliers. Once we have eliminated Iraq's aircraft and anti-aircraft forces, we can launch unchallenged air strikes on its ground forces.

Also we are not facing a guerrilla war in dense jungle but a conventional engagement in the open desert. A strategy of attrition based on air attacks is thus far more promising than it was in Vietnam.

Why hurry to launch a ground offensive to match air attacks on Iraqi forces? The United States and its allies would suffer far lower human and political costs if Iraq attacked U.S. forces in fortified positions in Saudi Arabia than if the United States launched a ground attack against Iraqi forces entrenched in Kuwait.

No incremental escalation could result in greater casualties than would a ground invasion of Kuwait, much less Iraq. If Saddam Hussein does not give in to escalation, then a U.S. ground offensive into Kuwait would be far more costly and far less likely to succeed than a U.S. air strike. We had first destroyed his air force and unleashed several months of air attacks on his tanks and artillery.

The political analogy between Vietnam and the Gulf is equally misleading. The difference is that the United States needs its allies' support if the political coalition is to hold together. Both the American public and the U.S. allies are likely to support military action if the legal and moral justification for it is clear and if Saddam Hussein is forced to take responsibility for any escalation.

## By Land: Bite a Chunk of Western Iraq, Then Bargain

By Alton Frye

WASHINGTON — If the global embargo fails to liberate Kuwait, what military action should be taken to move the Iraqis?

The intimidating prospect of direct assault on Iraq's occupying army or extensive air strikes against Iraq itself make the case for patience. Diplomacy deserves priority and time to work.

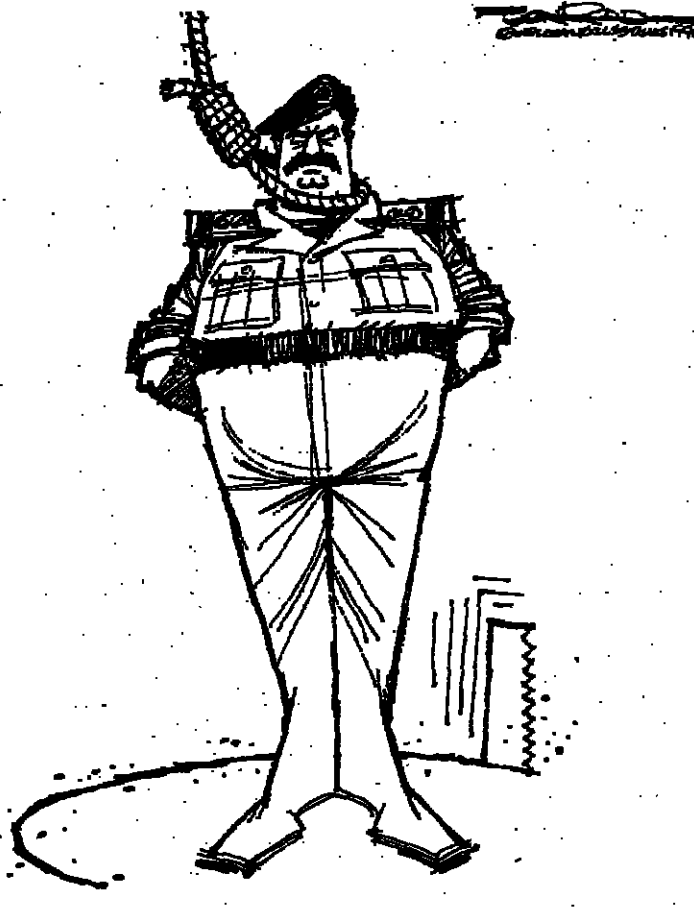
But the coalition opposing Saddam Hussein also needs to define more measured and less costly military options that could serve its political goals.

Are there any? The answer may depend on a shift in the American mindset. In Islamic tradition one need not punish a thief by going for his jugular. One cuts off his hand. This is a grim message, but it suggests an approach to the Gulf.

We should consider tailoring military operations not to prevail but to parley. With the forces assembled in Saudi Arabia it would be feasible to seize a chunk of less well-defended Iraqi territory.

Without leaping to all-out heavy combat or deep strikes against thickly defended sites, the coalition could emphasize that its purpose is to trade for Iraqi withdrawal from Kuwait. Bite back and bargain.

The multinational force could cut off western Iraq by interdicting the main ground routes to Jordan and Syria. There is no hospitable terrain in the region, but the coalition's mobile forces, including airborne troops, should be able to penetrate along a line linking Syria and Saudi Arabia.



would have to worry that some of them might linger. Especially if he reacted in a way that led to destruction of his military capability, would he be changing permanent territorial loss?

Obviously, any action against Iraq risks triggering wider war. If a move is made without first destroying his missiles, Saddam Hussein might wreak terrible vengeance. But such a pre-emptive air strike against those weapons would surely compel him to use them or lose them.

A limited seizure of territory to trade should offer a better chance of slowing the military tempo to a range in which negotiations could keep pace. It should be more conducive to a rational response by the Iraqis and more agreeable to America's partners.

An ideal operation would rely primarily on Arab ground forces, supported and covered by U.S. troops and planes. Even a feint in this direction might prompt Baghdad to think anew.

This is not the decisive measure Americans might prefer. Unlike some options it explicitly foresees direct military victory in the hope of energizing diplomacy.

But the best option in this case may be the baseball strategy: "Hit 'em where they ain't."

The writer is senior fellow for national security at the Council on Foreign Relations. He contributed this column to The New York Times.

## For Peace, the UN Must Invoke Force

By Stephen S. Rosenfeld

UNITED NATIONS, New York — On the plaza of the United Nations sits a large new sculpture of a pistol with its barrel twisted into a knot. The intended symbolism seems clear — peace. But does it not also, perhaps unintentionally, signify something less glistering — helplessness in the face of aggression?

The Iraq crisis has raised this vexing question to the top of the UN agenda.

Among both supporters and skeptics, the world body is commonly identified with "peace," a condition juxtaposed to "war." This is the UN culture. To the extent that everyone embraces peace as an end, this is fine. But to the extent that the means to that end may — and in certain circumstances must — include war, it is not. The United Nations was created on the foundation of a world war and tested in the forge of a regional war, in Korea. The invocation of force is central not only to its history but to fulfillment of its abiding purpose of peace.

Modern-day liberals tend to invest the organization with transcendent importance as the prime keeper of the peace in the post-Cold War universal era. But they hesitate to grant the military tools that may be vital to performance of the hardest part of its job.

We must watch out for mirages. If peace is really important, and if the principle of collective action as represented in the UN is important, then in certain circumstances we should be more ready to show the UN's guns, not less. It is no service to internationalism to think that the real reason to enmesh the United States in the UN's approaches to Iraq is to rule out a military option. That suggests that George Bush, who after all lives by the rules of a late 20th century democratic community, is more dangerous than the despotic Saddam.

For their part, conservatives have spent the past 20 years protesting the United States' isolation at the UN, and now that almost everybody stands with it, they are protesting the crowd. America's success in drawing others into an unprecedentedly collective response to Iraq they see not as welcome evidence of creative diplomacy but as a thoughtless and costly error that limits American freedom of action.

In fact, the UN Charter is turning out to be a more spacious and flexible document than many people had imagined. Opportunities to gain valuable international political, legal and moral approval for successive steps to keep the peace in the Gulf, up to and including force, seem to me to lie well within the range of American policy as it is now being conducted.

Publishers anxieties that any UN military operations would be paraded under a restrictive UN military staff committee appear exaggerated. The Soviets, who have provided no forces, are poorly placed to command through a committee the forces of others — a committee they now describe as merely advising the Security Council. One might add that the Americans, who are not known to be conducting any diplomatic probing, are poorly placed to criticize others who — within the framework of UN resolutions — are looking for different diplomatic ways to skin the Gulf cat.

Operating at a foreign country's invitation and on its soil and in the company of several dozen partners separately summoned to Washington cannot expect to enjoy the license it would have in deploying only its own forces from its own territory. Iraq would be no Panama. But if the United States keeps a respectful eye on the sensibilities of other countries that are no less intent than it is to restore Kuwait and calm the Gulf, there should be no need to growl about an enfeebling UN cabal.

If anyone's role has been trimmed on Iraq, it is that of the secretary. Although its chief, the secretary-general, is now routinely invited to make available his good offices, he has been somewhat eclipsed by the newly unbound Security Council. It now issues its own stern negotiating guidelines (UN resolutions on Iraq), and its members mount their own diplomatic and military initiatives.

You could guess that not everyone in the secretariat is thrilled, but the Security Council is being tested as a forum where like-minded states can concert their policies for what it takes for peace.

The Washington Post.

## In Kosovo, They're 'Living Under Glass'

By Jeri Laber and Kenneth Anderson

NEW YORK — Polat, a remote village in Yugoslavia's troubled Kosovo Province, is too small to appear on our map. Until the events of Sept. 13, it was virtually unknown.

We went to Polat in early October to investigate reports of violence by the nationalist Serbian government against ethnic Albanians. We returned with serious doubts about whether the U.S. government should continue to bolster Yugoslavia's national unity.

A brilliant autumn sun lit the dry, brown cornfields and tree-covered hills of Polat, but the village was in mourning. Its residents — several hundred ethnic Albanians living at subsistence level — described how, in the predawn hours of Sept. 13, they had awakened to the barking of their dogs, looked out and saw Serbian government tanks and their small courtyards.

Without warning, soldiers and police began firing automatic weapons, shattering windows and succeeded walls. Besim Lutfi, a 22-year-old law student who had come home to help with the harvest, opened his door and was met with a volley of bullets that killed him on the spot.

No one saw what happened to Skender Tridolli, 34, whose battered corpse was released to his family a few days later with one bullet in the hip. According to their families, neither young man had had any previous trouble with the police.

In addition to the killings, more than 30 men and women from Polat were beaten and taken off to a jail, where they were tortured for about 24 hours; one young man was forced to

## By Water: Close the Taps

By Peter Schweitzer

WASHINGTON — It will probably be months before Iraq feels the pinch of international sanctions. Even if President George Bush continues to send troops to the Gulf, the choices will hang between stalemate and military action.

But the U.S.-led coalition arrayed against Saddam Hussein has a decisive third option short of all-out attack: Iraq relies on the Tigris and Euphrates rivers for 95 percent to 98 percent of its industrial and agricultural water needs, and for 80 percent to 85 percent of water for human consumption, according to the U.S. Army's water resources board at Fort Belvoir, Virginia.

Since both rivers originate in Turkey, dams and irrigation projects lie between their headwaters and Iraq. Turkey is in an ideal position to deny Iraq almost all of its water.

Iraq has long recognized its vulnerability to a water cutoff. Indeed, in the early days of the Gulf crisis, Baghdad warned Ankara not to tamper with its water supply, according to U.S. intelligence sources.

Turkey's absolute control over Iraq's water was established in January with the completion of the Ataturk Dam. The dam is capable of siphoning off 328 of the 400 cubic meters of water per second that the Euphrates discharges during the September to December dry season.

According to one Turkish official familiar with the dam, "We could reduce the Euphrates to a trickle if we wanted to."

The Turks can do much the same with the Tigris. Half a dozen water diversion projects exist along the Turkish portion of this river. According to a report issued earlier this year by the Turkish state water works, running all of these facilities at full capacity during the dry season could "dramatically cut the flow" to Iraq.

Baghdad's ability to defeat a water blockade would be minimal. The Ataturk Dam has several surface-to-air missile batteries around it, according to U.S. intelligence sources, and other facilities could easily be outfitted with the defense systems as well.

Moreover, Turkey, as part of its NATO duties, is already equipped for intercepting and defeating enemy aircraft that might try to attack such facilities. All this, combined with poor Iraqi intelligence, ensures the probable survivability of the dams.

Unlike the embargo on food, circumventing a water cutoff by finding an alternative supply would be difficult for Iraq. While Iraq could shift water supplies from agricultural and industrial to human use, water experts believe this would provide only a few days' relief. A military response would be self-destructive. The Iraqis were quick to grumble to a halt for lack of water.

A water cutoff is really no more or less ethical than the UN-supervised food embargo. Water experts point out that a cutoff could be calibrated to allow the bare minimum necessary for humanitarian aims. Moreover, in strategic terms, a water cutoff is preferable to a stalemate. Time would be working against Saddam Hussein; he would be presented with a grave problem that could be solved only by negotiating with the states arrayed against him. Military action would be pointless.

Turkey has not publicized its capacity to use the water weapon, largely because it would quickly become the main villain in Baghdad's eyes. But Turkey seriously needs economic assistance and lately has been beset by fears that its status as a NATO power is declining with the winding down of the Cold War.

The United States and the other industrial powers have the means to make such a blockade an attractive option for the Turks.

Von Clausewitz wrote that a good strategy identifies the enemy's main weakness and then exploits it. With Saddam Hussein isolated by land, sea and air, Iraq's main weakness has yet to be exploited; only by doing so will his misadventure be brought to a humane and speedy end.

The writer is a research analyst for the American Foreign Policy Council, an educational public policy organization. He contributed this column to The New York Times.

## 100, 75 AND 50 YEARS AGO

### 1890: Stanley's Lecture

NEW YORK — Mr. Stanley's first lecture in America, at the Metropolitan Opera House tonight (Nov. 11) was a great success. The committee, which consisted of many of the most prominent Americans in art and literature, included Mark Twain, General W.T. Sherman, Chamcey M. Depew, United States Senators Evans and Hawley, Mayor Grant, Judge Daly and Cyrus W. Field. Mrs. Stanley occupied a box. The proceeds of the lecture go to charities.

### 1915: The Emperor's Gift

TOKYO — The coronation ceremonies in Japan continued yesterday (Nov. 11) and throughout the country Emperor Yoshihito's environment is being celebrated with all the picturesque quaintness and simplicity that characterize the customs of the Japanese people. In the speech which the Emperor addressed to the Japanese nation, he spoke of unity and patri-

tism as the highest tribute that could be paid to one's ancestors. After the initial rites of the day the Emperor made a gift of one million yen to charity. The Emperor has received messages of congratulation from King George, President Wilson, and other chiefs of state.

### 1940: No Turning Back

WASHINGTON — Making direct answer to the threats of European dictators, President Roosevelt stood on the heights of Arlington Cemetery before the Tomb of the Unknown Soldier today (Nov. 11) to predict that "democracy will not be snuffed out in our lifetime. For one do not believe that the world will revert to a modern form of ancient slavery or to controls vested in modern feudalism or modern oligarchs in these days. The very people under their iron heels will themselves rebel."

— From the New York edition of the New York Herald Tribune.

مكتبة الأمل



## Soviets Maneuver Warsaw Pact Arms Out of Treaty's Way

By Robert C. Toth  
Los Angeles Times Service

WASHINGTON — Huge caches of Warsaw Pact weapons in Europe slated for destruction under a conventional arms treaty to be signed next week will be only half as big as originally promised, U.S. officials have confirmed.

Many of the weapons, including nearly 17,000 Soviet tanks, have been moved off the continent and will not be counted Nov. 19, when the Conventional Forces in Europe treaty is scheduled to be signed in Paris by representatives of 22 nations.

As a result, only about half of the 100,000 Warsaw Pact weapons once expected to be destroyed under the treaty will be carved up with acetylene torches or otherwise deactivated, according to figures recently provided to U.S. officials by Soviet negotiators.

Many of the Soviet tanks and other heavy arms have been moved across the Ural Mountains to storage depots in Siberia, and some officials worry that they could one day be reactivated and moved to threaten Europe again.

Those concerns, as well as the broader question of whether storage in lieu of destruction circumvents the spirit of the conventional arms agreement, are expected to be raised by conservative members of Congress in treaty ratification hearings, officials said.

Bush administration officials, however, said that they were not alarmed by the Soviet actions, noting that many of the weapons shipped to Siberia had been left outside to rust. They said that it would take two years or more to

restore the machinery to peak operating condition.

"The basic point of the treaty remains intact," one senior U.S. official said on Saturday. "Both NATO and Warsaw Pact forces go down to equal ceilings in Europe. That was what was intended when treaty negotiations began, and that's what will happen. All of the weapons to be eliminated, and the Soviets go down 10 times more than we do."

Under the treaty, the Warsaw Pact and North Atlantic Treaty Organization will be subject to identical ceilings on five categories of weapons: 20,000 tanks, 20,000 artillery pieces, 20,000 armored combat vehicles, 6,800 aircraft and 2,000 helicopters, for a total of 78,800 on each side.

When the treaty negotiations began two years ago, the proposed cuts would have required Warsaw Pact forces to reduce their conventional weapons in Europe by about 60 percent and NATO forces to cut their conventional arms by about 10 percent.

Over the last two years, however, the Soviets have moved tens of thousands of weapons into Asia, where they are not covered by treaty provisions.

The United States and other NATO members have reduced their conventional weapons arsenals in Europe as well, although by lesser amounts than the Soviets.

Because of the withdrawals, Warsaw Pact forces will be required to reduce their arms by about 40 percent from current levels, while NATO will be required to cut only 3 percent, according to calculations by the private Arms Control Association.

## There's No Free Ride to a Free Market, East Europeans Find

By Steven Greenhouse  
New York Times Service

BUDAPEST — The sudden collapse of Eastern Europe's Communist governments inspired dreams and expectations that living standards would improve quickly and substantially. But nowhere has the voyage from Marxist central planning to free markets gone smoothly and painlessly.

In some countries, lines have shortened and high hopes of change linger, but in fact all of the countries of the region have been plunged into economic crisis, while economic changes have for the most part been applied slowly and in a piecemeal manner.

"It will take 10 to 15 years for us just to approach, not to equal, living standards in Austria and other Western countries," said Miroslav Hrnec, a senior economist at the Czechoslovak Academy of Science. His nation's per capita income was 10 percent above Austria's in 1939, but after decades of communism, it is figured at 35 percent below.

A series of unexpected shocks — the cutoff of subsidized oil from the Soviet Union, the rise in the world price of oil, the strains on trade and credits caused by economic hard times in the West — have further diminished prospects for a steady and safe economic transition.

These problems have helped cause industrial output to fall by about 10 percent this year in Hungary, 28 percent in Romania, and 30 percent in Bulgaria.

What has not diminished is debate on what economic changes should be made and how they are to be enacted. Officials

in Hungary, Czechoslovakia, Romania, and Bulgaria have spent much more time this year discussing economic revisions than carrying them out.

Moreover, the chaos spreading in the Soviet Union has had a direct and negative effect in Eastern Europe, where Moscow is still the main trading partner.

Aside from East Germany, whose economy was simply melded into West Germany's, Poland is winning the race among East European nations to adopt a Western-style economy.

It sprang into the lead in January when it undertook harsh changes to resuscitate a dazed economy, in which inflation was running at more than 70 percent a month, shortages were everywhere, and the work ethic had long been characterized by the slogan: "Lying down or standing erect, the same money we expect."

Carrying out a complex battle plan, the Polish government freed most prices, enabling manufacturers and store owners to charge what they want. This increased profits and raised incentives to produce and sell more, thus helping to end the chronic situation of bare shelves and long lines.

To tackle inflation, Poland's advocates of economic shock therapy erased a huge budget deficit, increased monthly interest rates to 40 percent, and slashed the growth of the money supply. They also imposed wage controls to help prevent a wage-price spiral. As a consequence, inflation has fallen to 3.5 percent a month.

The government also devalued the Polish zloty more than 70 percent, ending

the currency black market and creating Eastern Europe's first stable and at least partly convertible currency. Aided by the currency changes, Poland's monthly trade surplus with the West is up 50 percent.

But all this progress has come at a price. Now that the government has legalized layoffs to enable enterprises to cut costs, unemployment has climbed to 1 million, or more than 11 percent. Industrial output has fallen 25 percent from last year, and consumer purchasing power has been cut by 30 percent, according to official statistics.

Beggars can be seen in Warsaw for the first time in decades, while workers, who earn less than \$40 a week on average, are complaining.

The restiveness of workers is always a matter of concern in Poland, where even Communist governments were forced out of office by worker protests. In the current presidential campaign, Lech Walesa, who once led the most successful of those worker movements, is now the front-runner.

While saying he wants to accelerate the plan for economic change, he has been less than enthusiastic about the next stages, which call for shutting down big, inefficient companies and adding many of his old Solidarity supporters to growing numbers of unemployed.

The Polish effort to apply many cures all at once has stimulated interest in places like Moscow and sympathy in Washington. But ultimately the approval that the plan designed by Leszek Bal-

cerowicz really needs is that of the ordinary Pole, who may find himself out of work so that capitalism can gain a sufficient foothold.

"The economic textbooks say such a shock program is to be preferred to a step-by-step program," said Heinrich Machowski, an economist with the German Institute for the Economy in Berlin. "But in real life, the overall costs have been very high."

The harshness of the cure has some officials in neighboring countries asking whether there is a better way. Some economists, even in Poland, are saying it would be better to end state-owned monopolies and create competition before freeing prices. But others say that anything other than shock therapy would take too long and merely drag out the pain.

For now, the first priority throughout the region is preventing things from getting worse.

"Next year could well be the deepest point of the crisis," said Andras Vertes, director of the Hungarian Economic Research Institute.

Just how shaky the new environment is can be seen in the way thousands of old economic links are being stretched and strained.

For instance, the Ikarus bus company, one of Hungary's most prestigious manufacturers, used to supply the Soviet Union with 5,500 buses a year. But because of their own economic crisis, the Soviets are ordering just 3,500 buses this year. From a Hungarian perspective, this is bad and threatens jobs.

On the other hand, the Soviets will soon begin paying for the new buses in hard currency instead of the inflated rubles that kept Hungary and other allied countries virtual hostages to a system of arbitrary values.

But as the Soviets pay increasingly with hard currency, they are likely to shun lower-quality Hungarian or Polish goods in favor of Western products. This blow to export earnings will make it even harder for Poland, Bulgaria, and Hungary to handle their oppressive debt burdens.

The situation is certain to get even worse on Jan. 1, when, after long dependence on heavily subsidized Soviet oil, the region must start paying Moscow at recently increased world market rates in hard currency.

According to the World Bank, the oil price increases caused by Iraq's invasion of Kuwait, and negative effects on trade caused by disarray in the Soviet Union and in Comecon, the Soviet-allied trading bloc, will cost the region about \$15 billion, or 5 percent of the region's annual economic output.

Pleas for more Western aid are intensifying and becoming more strident. East European officials say aid from the West — including the World Bank, the International Monetary Fund, and the new European Bank for Reconstruction and Development — helps but is only a fraction of what is needed to stabilize economies and rebuild factories, roads, and telecommunications.

## In Darkening Sofia, Lines for Candles

By Blaine Harden  
Washington Post Service

SOFIA — It was a year ago Nov. 10 that Bulgaria, a Balkan nation with no democratic tradition, overthrew the world's longest-serving Communist dictator and joined the ranks of revolutionary East European states.

Since then, however, the replacement of totalitarianism with democracy has degenerated into an economic and political free fall.

The country is bankrupt, the governing Socialist Party is unable to govern and stores are emptier than they ever were under communism. The Soviet Union, Bulgaria's longtime patron, is halting the flow

of cheap oil, while rich Western countries more or less ignore the place.

The energy shortage here is so acute that electricity in the capital now flows in intermittent bursts — two hours on, two hours off. In addition to long lines for meat, milk and cooking oil, there are lines for candles.

Across Eastern Europe, a year after the season of revolutions, there is a dispiriting sense of expectations unfulfilled and hope lost. As another winter settles in, it is becoming depressingly clear that the road to democracy and capitalism can be tortuous and painful, offering no quick cures for poverty or pollution.

In Bulgaria, the sense of loss seems greater as unpaid debts dovetail with energy shortages and the government remains unwilling even to begin the kind of systemic free-market changes that are well underway in much of the region.

Last year, in the giddy weeks after the overthrow of President Todor Zhivkov, tens of thousands of Bulgarians flooded into the streets of Sofia for tearful demonstrations that melded joy with disbelief. Bulgarians said then that they were stunned by their sudden freedom.

Today, on those same streets, a long year's descent into penury and political confusion was punctuated by an anniversary celebration marred by heckling, minor scuffles and deeply pessimistic speeches. It was held on a square beside the party's smoke-blackened headquarters building, which in August was set afire and looted by anti-Communist demonstrators.

The absence of real change in Bulgaria, especially compared with Poland or Hungary, has made Bulgaria the odd man out when it comes to Western aid or debt relief. The country has defaulted on its \$10 billion foreign debt.

And on top of oil-supply disruptions, panic has invaded the food-supply system. An official at the Ministry of Agriculture said that shortages are being caused by hoarding by farmers, truckers, shop owners and consumers.

### Guinea-Bissau Holds Official

Reverses

BANJUL, Gambia — The first vice president of Guinea-Bissau is under house arrest, official sources in the capital, Bissau, reported. Colonel Isai Camara is accused of supplying arms to separatists in neighboring Senegal.



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## Pomp, Circumstance, Yawns

Japanese Shrug Off Akihito's Accession to the Throne

By T.R. Reid  
*Washington Post Service*  
TOKYO — Amid antique pomp and gilded splendor, Emperor Akihito will formally take his throne here Monday, according to a monarchal seat that is the oldest on Earth — and yet completely new.

By an official reckoning, Akihito will be the 125th occupant of the Chrysanthemum Throne, the world's oldest hereditary regime. But as the first to be enthroned under the post-World War II constitution imposed on Japan by the U.S. occupation, Akihito is a new kind of sovereign, a "symbol of the state" devoid of power.

When his father, the late Emperor Hirohito, completed the same enthronement ceremony 62 years ago, he was venerated as a high priest-king-generalissimo, an awesome figure who rode a white stallion before a populace that was forbidden to aim a camera, or even an eye, toward his august presence.

One generation later, Akihito routinely waits among his countrymen in downtown traffic jams as his black limousine carries him on official duties that range from the national holiday honoring the enthronement of his country's first emperor since 1928, Kazuhiko Sato, a teacher in the northern city of Noshiro, to a pachinko parlor. They'll be jammed all day.

The striking diminution of the emperor's role may explain the indifference most people here are showing toward the \$95-million enthronement extravaganza. To be sure, some Japanese are fascinated with the process,

while some are furious — so much so that a threat of violence by anti-royalist radicals hangs over the intricate planning of events.

But most of Akihito's 123 million subjects have responded to their emperor's rite of accession with a collective shrug. Trains bound for resort areas are sold out all weekend. Video rental shops have put out special sign-up sheets so customers can re-

**Video shops have special sign-up sheets so customers can reserve movies for Monday, when regular TV will be preempted by coverage of the ceremonies.**

serve movies for Monday, when regular TV will be preempted by coverage of the ceremonies.

Asked how he plans to spend the national holiday honoring the enthronement of his country's first emperor since 1928, Kazuhiko Sato, a teacher in the northern city of Noshiro, responded this way: "Well, it's a day off, but there's no way I'll go to a pachinko parlor. They'll be jammed all day."

Japan is so rich, so important and so confident that its people

may feel they no longer need an emperor to look up to.

This is a country, after all, that picked itself up from devastation after World War II and within four decades became a global economic power with the world's highest per-capita income, largest foreign-aid budget and second-largest economy.

"Japanese people today, particularly young people, no longer have an inferiority complex toward the world," said Sazaburo Sato, a professor at Tokyo University.

In many ways, Akihito is perfectly suited to this self-assured and proudly democratic country. An amiable, unassuming 56-year-old who favors smartly tailored double-breasted suits of banker's gray, he is a ready conversationalist either in English or in everyday, idiomatic Japanese, unlike prior emperors who generally employed an exotic court language unintelligible to common folk.

The emperor seems fully at ease with his status as a powerful "symbol," and has made it clear that he strongly supports the constitutional limit on imperial sway. Left with few official chores outside of the purely ceremonial, he has taken up the cello, played an active role in raising his three children, and written several ichthyological monographs on a fish species called the Gobiodae.

Akihito has actually been Japan's emperor since the moment of his father's death on Jan. 7, 1989, and that day marks the official start of his reign.

## As Sanctions Ebb, China Regains Its World Status

By Nicholas D. Kristof  
*New York Times Service*

BEIJING — Less than a year and a half after China's leaders crushed the Tiananmen democracy movement, Western sanctions are being dismantled and China is regaining international status.

Japan is resuming subsidized loans to China. The European Community last month lifted economic sanctions against China. A group of American congressmen is expected in Beijing this month for the first time since the crackdown. Saudi Arabia and Singapore have established diplomatic relations with Beijing.

"China has withstood the international anti-socialist environment and safeguarded the socialist system," observed the official Xinhua News Agency.

While most of the world has suffered from the Gulf crisis, China has been a beneficiary. Scholars, diplomats, and Chinese themselves say China benefited in two ways: Saddam Hussein's behavior gave the West a new enemy, and China won gratitude for its cooperation in imposing sanctions against Iraq.

"The Gulf crisis accelerated a process that was already under way, of them waiting us out," said a Western diplomat. "It's the best of all worlds for them, because they've been able to reintegrate themselves with the West without sacrificing any Third World credentials to do it."

The West's sanctions were never threatening to China in any fundamental sense. The sanctions included delays in new World Bank loans, a freeze on most military cooperation, and a halt to most high-level exchanges. Ordinary imports from China were never curbed, and, in fact, they have risen sharply: China's trade surplus with the United States could exceed \$10 billion this year, up from \$3.5 billion in 1988, before the crackdown.

Military cooperation remains on ice, but World Bank loans are gradually being resumed, and high-level exchanges are increasing.

"The pace is very slow, but I can see that the direction is toward improvement in relations" with the West, said Yuan Ming, an international relations expert at Beijing University.

In any case, sanctions affected China's relations with only a relatively small number of countries. Most of China's neighbors were untroubled by its behavior and continued to do business with China as before.

"This is not to say that the crackdown was painless, for the killings of peaceful protesters deeply eroded the Communist Party's legitimacy at home and among Chinese overseas, as well as in the West. But some Chinese officials say the hard-liners probably regard the foreign sanctions as an acceptable price to pay, given that their alternative may have been loss of power. The price may be acceptable even if, as many believe, the government's relations with the West will never again be as warm as before."

"Things will return to business as usual, but that emotional enthusiasm for China won't come back any time soon," a Western diplomat said.

"People don't pay much attention to China any more," a European ambassador said the other day. Most experts agree that China matters less than it used to — a proposition that drives some government officials here to alternate between despair and fury. Visiting Americans these days are sometimes greeted with almost obsessive explanations of why China is still of major importance to American interests.

## Soviet Weapons Reported on Sale

HAMBURG — More than 200 Soviet soldiers stationed in the former East Germany have deserted in the past week, the news magazine Der Spiegel said. It also reported that Soviet officers and soldiers are selling their weapons to arms-dealers.

The magazine said on Saturday 53 Soviet deserters had sought asylum in Germany in the last week and that 150 soldiers had gone into hiding and were listed as "missing" from their units.

It said AK-47 assault rifles were being sold for 200 Deutsche marks (\$130), pistols for 100 DM, and hand grenades and mines for 25 DM each.

## India's Leader Faces Confidence Vote

Compiled by Our Staff From Dispatches

NEW DELHI — Chandra Shekhar, newly sworn in as prime minister, will face his first serious test on Friday, when parliament votes on a confidence motion.

President Ramaswamy Venkatarman on Sunday set Friday as the date for a special session during which Mr. Shekhar will test his tenuous majority in the 544-member lower house.

"The new prime minister would be naive to entertain illusions about the permanency of his job," the Sunday Observer newspaper commented.

Mr. Shekhar, 63, replaces Vishwanath Prasad Singh, who lost the prime minister's job after Mr. Shekhar's party, deflected from the governing coalition.

Mr. Shekhar persuaded the pres-

ident to let him form a government Friday after rivals, including the Congress (I) Party leader, Rajiv Gandhi, turned down the job.

Some observers said new elections seemed inevitable, with the Gulf crisis eroding India's foreign exchange reserves and driving up inflation. Hindus are in revolt over the age-old problem of caste and over a disputed shrine, and Punjab and Kashmir are engulfed in separatist violence.

Mr. Shekhar's Janata Dal has just 55 members of Parliament, but Mr. Gandhi, a former prime minister, has promised him day-to-day majorities with the Congress Party's 205 votes, allowing Mr. Gandhi to dictate the timing of elections he hopes will regain him power.

Mr. Singh fell from grace with the country's elite when he pressed

on with plans to favor the bottom half of the Hindu caste hierarchy for government jobs.

Then he had his main parliamentary ally, Lal Kishan Advani, arrested to try to stop Mr. Advani's Bharatiya Janata Party from reclaiming the site of a mosque in the northern town of Ayodhya as a sacred Hindu shrine.

With 250 dead in ensuing Hindu-Muslim riots and with young upper-caste Hindus burning themselves to death in protest at the jobs plan, Mr. Singh's minority government unraveled. (Reuters, AP)

## Official Regrets Insult to Thatcher

LONDON (AP) — A government minister has apologized to Prime Minister Margaret Thatcher for calling her a "cow" during a telephone call, Mrs. Thatcher's office said.

Mrs. Thatcher accepted the apology from Richard Needham, undersecretary for Northern Ireland, an official said Saturday night. The Sunday Times reported that an unidentified parliamentary group in Northern Ireland heard the call on a radio scanner and sent a recording of it to a news agency in Belfast.

The report said Mr. Needham called his wife from his official car and allegedly said, "I wish that cow would resign."

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## Yugoslavs Hold Key Elections

### Macedonia Vote Is First in Series

By Chuck Sudetic

**OHRIID, Yugoslavia** — In an election held with anxiety about this country's possible breakup, voters in Yugoslavia's southern republic of Macedonia went to the polls Sunday in the first free multi-party parliamentary elections in the republic's 45-year history.

The balloting in Macedonia was the first in a series of elections in the next seven weeks that, if all goes according to schedule, will leave all of Yugoslavia's six quarrelsome republics with democratically chosen governments and set the stage for their leaders to begin working out a new agreement on which to anchor their future relations.

In the spring, nationalist coalitions unseated the governing Communists in Slovenia and Croatia, Yugoslavia's most developed republics, and began pressing to scrap the present Yugoslav federation and create a loose confederation of independent states.

The Slovene and Croatian governments have threatened to secede if a confederation proves impossible, but the governing Communists in Serbia, the largest of the six republics, staunchly oppose a confederation.

The election campaign in Macedonia, Yugoslavia's least developed republic, shaped up as a four-way race involving the reconstituted Communist Party; the Reform Party of the Yugoslav prime minister, Ante Markovic; a coalition of anti-Communist Macedonian nationalist parties; and an ethnic Albanian party.

No single party was expected to win a majority of the parliament's 120 seats, but sketchy pre-election



Ethnic Albanian Yugoslavs waiting to vote in the Macedonian election Sunday in the town of Tetovo.

surveys indicated that the Communist and Reform parties were poised to win about half the votes. Official results are expected to begin trickling in Monday.

Perhaps nowhere in Yugoslavia is popular support for the Communists and for the continued existence of the Yugoslav state, federal or confederal, stronger than in Macedonia.

The republic owes its existence to Yugoslavia's wartime Communist partisans. Photos of a youthful Marshal Tito, the country's long-time Communist dictator, are still seen in almost all small private shops and restaurants.

"Here, there isn't the kind of anti-Communism that there is in Slovenia and Croatia," said Peter Gosov, the Communist Party's leader. "We have a new, younger leadership and a completely new program based on West European-style social democracy."

Mr. Markovic's Reform Party, a likely coalition partner for the Communists, appears to have surged in popularity since it began an energetic campaign in Macedonia several weeks ago.

Macedonia constitutes the Reform Party's first test at the polls, and here at least the party seems to be drawing significant support from intellectuals, business executives and ordinary people fed up with nationalist rhetoric and economic mismanagement.

Leaders of Macedonia's nationalist parties, who support a confed-

eral Yugoslavia, accuse Mr. Markovic's party of being a Trojan horse for the country's more developed northern republics and the old ruling elite. They assert that a Reform Party victory would usher in a new period of "foreign domination" of Macedonia.

An ethnically mixed region with a rich Roman, Byzantine and Slavic heritage, Macedonia was under Ottoman rule for more than 500 years.

Macedonians argue that Serbia, Bulgaria and Greece divided up their land in 1913 and that large, unrecognized ethnic Macedonian

populations still live in the countries that border the republic.

Both the All-Macedonian Movement and the more radical Internal Macedonian Revolutionary Organization support unification with Macedonians living in Greece and Bulgaria.

While the All-Macedonian Movement calls for "spiritual" unification of Macedonians, including free cross-border movement and the establishment of Macedonian-language schools in Bulgaria and Greece, the Revolutionary Organization wants territorial unification through democratic means.

## In Ethiopia, a New Cycle of Starvation

By Jane Perlez

**NAIROBI** — Daily airlifts of food for the besieged town of Asmara, capital of the Ethiopian province of Eritrea, and the immediate countryside are proving insufficient to ward off starvation among the million people under Ethiopian government control, relief officials say.

Severe malnutrition among children rose sharply last month, and their health was likely to deteriorate further because of crop failure for the second year in a row.

"People are getting weaker, and there is zero harvest right now," said Willard J. Pierson, the mission director of the U.S. Agency for International Development in Addis Ababa.

The daily airlifts from Addis Ababa to Asmara, financed by Western governments, were only able to carry enough food for quarter rations, he said.

Drought in the Horn of Africa in recent decades has recurred about once every decade. But the cycle compressed in the 1980s to every several years. In 1990 the rains failed again, which caused back-to-back years of drought in northern Ethiopia.

The rains have also failed in northern Sudan, where about a million tons of relief food will be needed to avert large-scale starvation, officials say.

According to a recent United Nations report, at least 3 million people in Ethiopia will be at risk of hunger because of the meager harvest. The report indicated that about 600,000 tons of food were needed in northern Ethiopia, much of which is under rebel control.

Asmara, a palm-lined, Italianate city from the colonial days of Eritrea, has been under siege since the rebel Eritrean People's Liberation Front took the port of Massawa on the Red Sea in February.

The only way to reach the mil-

lion people in the remaining triangle of land in Eritrea that is still controlled by the government of President Mengistu Haile Mariam is by air, Mr. Pierson said.

For months now, two C-130s chartered from a company called Trans Afrique have been making four trips a day to Asmara from Addis Ababa carrying grain and cooking oil at a cost to the Western donors of \$500 a ton, a sum that

Mr. Pierson described as very high for relief food.

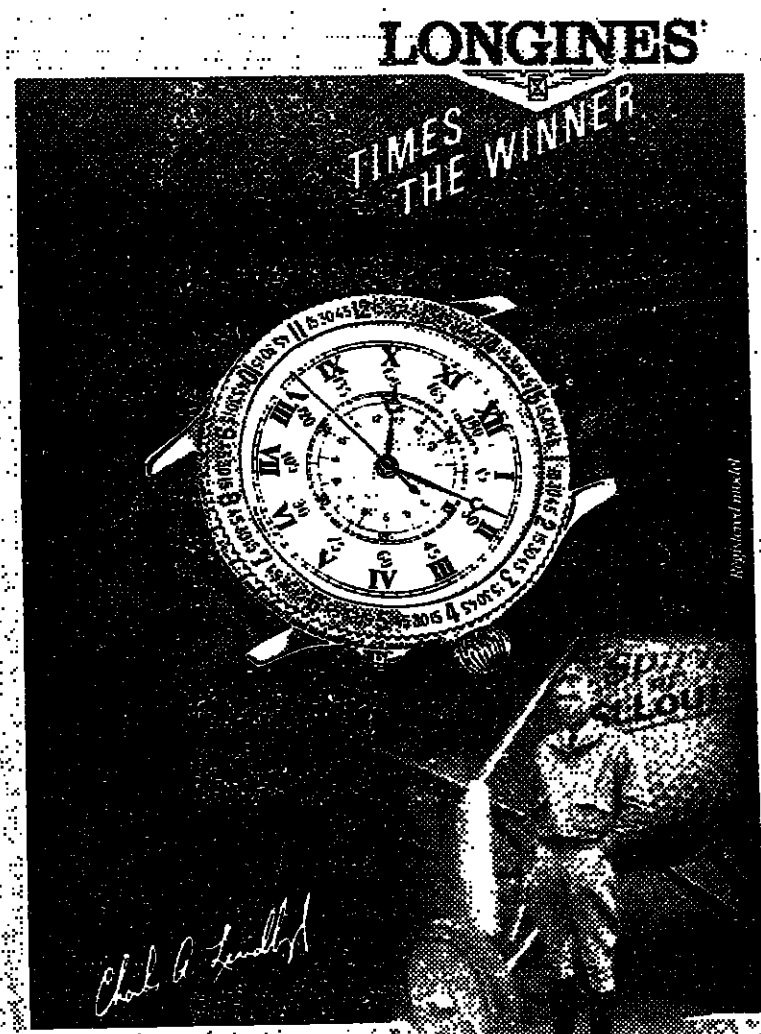
The donors have spent \$14 million for the food lifeline so far, he said.

Diplomatic efforts to persuade the rebel front to allow the port of Massawa to be opened for food deliveries to Asmara have failed.

Part of the rebels' strategy appears to be either to starve Asmara out or to capture it. The rebels say

Asmara is the ultimate prize in their 30-year struggle to win the independence of Eritrea from Ethiopia.

The director of Catholic Relief Services in Addis Ababa, John Wiater, said that during a visit to Asmara and outlying villages last month, he saw significant increases in malnutrition, greater susceptibility to malaria because of poor health, and severe water shortages.



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### British Navy to Scrap Overhauled Submarine

Reuters

**LONDON** — The British Navy has decided to scrap a nuclear-powered submarine that has been undergoing a £100-million (\$200-million) overhaul for nearly three years.

The Valiant-class submarine Warspite would be decommissioned as part of budget cuts, a navy spokesman said. Shipyard workers said it was because faults were discovered in the reactor's cooling system.

**NEW TIMES**

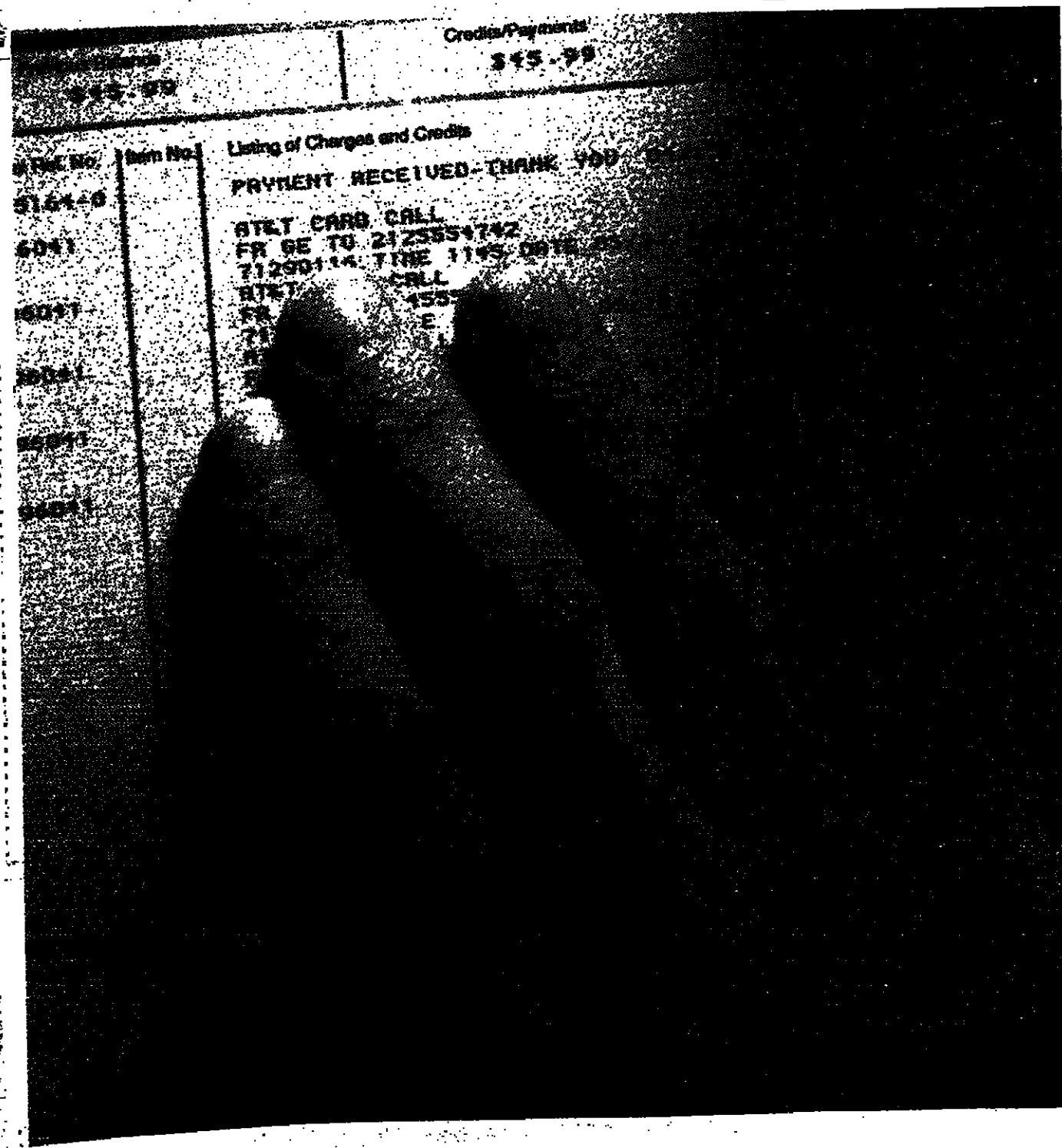
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(Continued on next left-hand page)

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## New International Bond Issues

Compiled by Andrew S. Register

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price and week	Terms
<b>Fixed-Coupons</b>						
AMP	£ 150	2015	13	99 1/4	—	Callable, Fees 0.25% (S.G. Warburg Securities)
World Bank	£ 100	1995	12	102.075	100.25	Noncallable, Fees 1.0% (Samuel Montagu & Co.)
Banque Française du Commerce Extérieur	FF 1,000	1992	10 1/4	100.80	—	Noncallable, Fees 1.0% (Credic Lyonnais)
European Investment Bank	FF 1,000	1998	10 1/4	100.83	98.78	Noncallable, Fees 1.0% (Banque Nationale de Paris)
Ente Nazionale per l'Energia Elettrica	ml 500,000	1997	12	101 1/4	99.63	Callable at 100% in 1995 and in 1996 of 100% Fees 1.5% (Banca Nazionale del Lavoro)
European Coal and Steel Community	ESC 5,000	1995	15 1/4	100 1/4	101.40	Noncallable, Fees 1.0% (Banca Portuguesa de Investimento)
ABB Finance	ECU 100	1992	10 1/4	101.32	100.20	Noncallable, Fees 1.0% (Credit Suisse First Boston)
Eurofima	ECU 120	1995	10 1/4	102 1/4	100.55	Noncallable, Fees 1.0% (Bij Int'l)
Okobank	DM 300	1997	13 1/4	101 1/4	—	Noncallable, Fees 2.0% (Bank of Tokyo Capital Markets)
SBC Finance (Cayman Islands)	CS 150	1993	11 1/4	101.80	100.60	Noncallable, Fees 1.0% (Swiss Bank Corporation)
World Bank	CS 150	1995	11 1/4	101 1/4	100.59	Noncallable, Fees 1.0% (Bij Int'l)
ICI Australia	Aus 75	1994	13 1/4	101 1/4	100.23	Noncallable, Fees 1.0% (Mortgage Bank)
British Gas Int'l Finance	£ 500	1992	8	101.25	—	Noncallable, Fees 1.0% (Pariva Europe)
CTI Group Holdings	¥ 10,000	1994	8	101 1/4	—	Callable and redeemable at par in 1993. Fees 1.0% (DKB Int'l)
Kubota	¥ 20,000	1994	7 1/4	101 1/4	—	Noncallable, Fees 1.0% (Denominations 10 million yen (Danco Europe))
Mitsubishi Estate	¥ 30,000	1996	7 1/4	101 1/4	—	Noncallable, Fees 1.0% (Denominations 10 million yen (Nikko Securities Europe and Yamochi Int'l Europe))
Montreal Trust Company	¥ 5,000	1992	8 1/4	101	—	Noncallable, Fees 1.0% (Denominations 10 million yen (Bij Int'l))
Nippon Yusen Kabushiki	¥ 10,000	1995	7 1/4	101.40	—	Noncallable, Fees 1.0% (Denominations 10 million yen (Nikko Securities Europe))
Nissan Capital of America	¥ 10,000	1992	8	101	—	Noncallable, Fees 1.0% (Denominations 10 million yen (Yamochi Int'l Europe))
Orix	¥ 10,000	1996	8	101 1/4	—	Noncallable, Fees 1.0% (Denominations 10 million yen (Yamochi Int'l Europe))
Orix	¥ 20,000	1995	8 1/4	101 1/4	—	Noncallable, Fees 1.0% (Denominations 10 million yen (Danco Europe))
Oesterreichische Loenderbank	¥ 3,000	1991	13.10	101 1/4	—	Noncallable, Redemption amount of maturity will be linked to the performance of the Nikkei 225 stock index. Fees 1.0% (Denominations 10 million yen (New Japan Securities Europe))
<b>Equity-Linked</b>						
Kobe Electric Railway	\$ 70	1994	4 1/4	100	104.50	Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at \$82 per share and/or 122.25 yen per dollar. Fees 2.0% (Nikko Securities Europe)
J. Sainsbury (Channel Islands)	£ 200	2005	8 1/4	100	98.25	Noncallable, Convertible at 343 pence per share, or 13.80% premium. Fees 2.0% (S.G. Warburg Securities)

## U.S. Pays to Keep S & L Property Marketable

By Susan Schmidt

VERO BEACH, Florida

From the gates, the towering palms and red-tile roofs of Grand Harbor's villas shimmer in the Florida heat like a mirage. Inside, sprinklers whir quietly. The well-kept courtyards, however, are empty, and the villas sparsely occupied.

Tee off at 9 a.m.? No problem, there is always room at the community's two golf courses if any of the 42 year-round residents want to play. Dine on exotic game? Order antelope or buffalo steak at the Grand Harbor's beach club. Reservations are a snap.

More than 100 employees—carpenters, laborers, gardeners, waiters, architects—are tending and even expanding this massive, half-finished luxury community. They are paid by the federal government, which is pumping millions of dollars into Grand Harbor, a property it inherited from a failed savings and loan and is trying to sell.

"The residents are happy as blue blazes," said the project manager, John Fleming, especially since it finally looks like the long-promised marina and boat slips are going to get built.

Why is the government pouring millions of dollars into a project with losses expected to cost taxpayers \$40 million to \$50 million?

At the most basic level, the answer is simple: Sometimes, the only way to make a dollar is to spend a dollar. Resolution Trust Corp., the federal agency in charge of cleaning up failed savings and loans, is discovering that real estate assets as it tries to unload 40,000 properties now under its control.

For taxpayers already shaking their heads over the cleanup's estimated \$500 billion bill, the government's success or failure in the real estate business has a bottom-line significance. Every dollar going into government coffers from a property sale is a dollar that will not have to be provided by the Treasury Department.

When Congress created the RTC last year to manage the savings and loan cleanup, the idea was that it simply would sell the real estate for cash, "as is," as fast as it could.

But things have changed. The RTC is not only saddled with a huge and growing real estate inventory, but it is operating in a market that "seems to have been," in the words of Deputy Treasury Secretary John Robinson. On top of that, a credit crunch has made it hard for potential buyers to find banks willing or able to finance the purchase of RTC properties.

The RTC is now scrambling to keep its properties from becoming unsalable. The agency is finding projects like Grand Harbor, systematically cutting prices and

doesn't understand the nature of the assets we're dealing with.

"Today's market is just brutal. The RTC real estate is not high quality, and we've got plenty of high-quality real estate in trouble."

John G. Aldridge, real estate lawyer

planning to auction off 30,000 homes. In addition, an aggressive program of government financing has been announced. And in cases where there is, today, simply no market for some of its property, the RTC is holding on to it in hopes that the market will improve.

The goal of all of these efforts is to help move property when possible and maximize the government's proceeds when it does. But in the process, it will look to many like throwing good money after bad.

"It's a terrible dilemma: They are under pressure to conserve cash and not depress values, and to get rid of the stuff quickly," said Robert Litan, an economist with the Brookings Institution. Those goals, he said, are "mutually inconsistent."

There has been plenty of pressure on the RTC, from the real estate market to the halls of Congress, to find ways to move property. But a few voices have urged caution, especially when it comes to putting more money into projects or having the RTC provide financing.

Many in the real estate industry think the RTC has no choice but to make concessions to buyers. According to John G. Aldridge, an Atlanta lawyer who specializes in distressed properties, "Anyone who doesn't understand that

government risk. Loans to corporations carry a 100 percent risk weighting against capital.

But within five years, the accrued value of the zero brings the risk weighting 50 percent (zero risk weighting) and 50 percent corporate, greatly enhancing the effective return to banks as ever less capital is needed to back the loan.

As in all such perpetuities, there are provisions whereby issuers can omit paying the annual interest.

Morgan officials said the objective measures justifying suspension—but not mandating it—were somewhat different in each contract. In any case, so long as dividends are paid on common stock, the companies are obliged to pay interest on the debt.

Although banks generally are pulling back from increasing their assets, Morgan officials said they expect "good demand for the 15-year 'perpetuities' because the collateral backing the principal repayments eliminates any credit risk.

The only risk is on the interest payments, and for that the banks are being paid 45 basis points over the Paris interbank rate.

Some 25 percent of the proceeds

## Yields Fall in Hopeful Market

By H.J. Maidenberger

New York Times Service

NEW YORK — Expectations that the Federal Reserve Board will soon lower rates, perhaps after the meeting Tuesday of its policy-making Open Market Committee, helped buoy prices late last week in the long-term Treasury market.

Other factors that sparked the upward move included a sharp drop in oil prices and a report Friday that the core rate of inflation at the producer level, which excludes energy and food, remained unchanged in October.

Rumors of a coup in Iraq caused a brief but sharp surge in bond prices late in the day Friday. Pentagon officials said they were unaware of any coup attempt against Saddam Hussein.

Nevertheless, Treasury bond prices held on to most of their gains as traders cast aside their usual caution before a long holiday weekend. The Treasury debt market will be closed Monday in observance of Veterans Day.

The Treasury's benchmark long bonds, the 8.5 percent issue maturing in August 2020, were being offered late Friday at 101 1/2, up 29/32 on the day, while its yield dropped to 8.61 percent from 8.70 percent the day before and 8.68 percent a week ago. The new long bonds were sold at this past Thursday's quarterly refunding at an average yield of 8.71 percent.

### U.S. CREDIT

Meanwhile, the new long notes, the 8.5 percent due in November 2000, climbed 18/32 to 100 10/32, for a yield of 8.45 percent. The long notes were auctioned Wednesday at an average yield of 8.52 percent.

And the new three-year notes auctioned last Tuesday at an average yield of 7.78 percent rose by 3/32 to 100 2/32, for a yield of 7.72 percent.

"What has the Treasury market so solidly on the long side is the belief that the Fed will soon move to ease credit further," said Jonathan B. Greenspan, chief trader at the Aegis Capital Management Corp. "This is one reason why few are concerned that a large portion of this week's record refunding issues are still on dealer shelves."

Even if the Fed does not decide to ease after the Open Market Committee meeting, dealers can easily carry the refunding notes and bonds because the yields on these issues are still above the cost of carrying the inventory. Dealers generally finance Treasury inventory at the federal funds rate, which is considered the bedrock cost of credit because, among other things, it is the rate that banks charge each other for temporary loans.

The funds were down at 7.625 percent for most of Friday, or an eighth of a point below what is perceived to be the Fed's current target level of 7.75 percent.

Treasury bill rates, which would be most immediately influenced by any Fed move to ease credit, dropped as prices rose. The discount rate on 90-day bills fell five basis points, or hundredths of a percentage point, to 7.05 percent, six-month bills lost three basis points, to 7.03 percent, and the one-year bills declined four basis points, to 6.85 percent.

Because of Monday's holiday, the Treasury's weekly bill auctions will be held on Tuesday.

## Seoul Eases Some Curbs For Foreign Banks

Reuters

SEOUL — South Korea's Finance Ministry will allow broader participation in the trust business and increases in capital for foreign banks, the ministry said in a statement over the weekend.

The ministry announced the changes, outlined in newspapers, after two days of talks with U.S. Treasury officials. It said foreigners would also be granted expanded use of automatic teller machines.

The U.S. assistant Treasury secretary for international affairs, Charles Dallara, told a news conference Saturday that differences remained between the United

States and South Korea over the treatment of foreign banks and securities firms here.

A spokesman for the Finance Ministry told reporters that foreign banks would be allowed to set up automatic teller machines in the same hours as local banks and issue specified money and non-money trusts, which are made up of stocks and bonds.

Banks will be allowed to increase equity capital if deemed necessary, he said, without elaborating.

Bankers have said agreeing to automatic teller machines would not be a concession because some such machines already exist here. They said that while allowing trust business was not a new proposal, it was a step forward.

The changes will give a strong boost to banks interested in retail banking, but do not address foreign banks' biggest complaints on limitations to funding, analysts said.

Mr. Dallara had said he saw progress in some areas, notably raising limits on certificates of deposit to allow banks to generate more funds, starting a new exchange-rate system and increasing capital in capital markets for foreign banks.

He said that Seoul officials told him they would allow the new trust business in the first half of next year, and reaffirmed Seoul's commitment to securities market liberalization.

To sell Grand Harbor in a sluggish market, for example, RTC officials believe they must spend money to keep it alive in the eyes of potential buyers. The former developer's hard-won permits to build a marina on the ecologically fragile Intracoastal Waterway will expire at the end of 1991. If the \$4 million construction project does not get under way now, project officials said, the market value of the property, estimated by some at \$40 million to \$50 million, could deteriorate by half.

In that case, said Mr. Fleming, the project manager, Grand Harbor could become "Lost Harbor," a gigantic white elephant carried on the backs of taxpayers.

## Euromarkets At a Glance

Euromarkets Yields

U.S. 3 mos & over	Nov. 7	Oct. 31
U.S. 3 mos & over	8.30	8.30
U.S. 6 mos & over	8.50	8.50
U.S. 9 mos & over	8.75	8.75
U.S. 12 mos & over	8.80	8.80
U.S. 15 mos & over	8.85	8.85
U.S. 18 mos & over	8.90	8.90
U.S. 21 mos & over	8.95	8.95
U.S. 24 mos & over	9.00	9.00
U.S. 27 mos & over	9.05	9.05
U.S. 30 mos & over	9.10	9.10
U.S. 33 mos & over	9.15	9.15
U.S. 36 mos & over	9.20	9.20
U.S. 39 mos & over	9.25	9.25
U.S. 42 mos & over	9.30	9.30
U.S. 45 mos & over	9.35	9.35
U.S. 48 mos & over	9.40	9.40
U.S. 51 mos & over	9.45	9.45
U.S. 54 mos & over	9.50	9.50
U.S. 57 mos & over	9.55	9.55
U.S. 60 mos & over	9.60	9.60
U.S. 63 mos & over	9.65	9.65
U.S. 66 mos & over	9.70	9.70
U.S. 69 mos & over	9.75	9.75
U.S. 72 mos & over	9.80	9.80
U.S. 75 mos & over	9.85	9.85
U.S. 78 mos & over	9.90	9.90
U.S. 81 mos & over	9.95	9.95
U.S. 84 mos & over	10.00	10.00
U.S. 87 mos & over	10.05	10.05
U.S. 90 mos & over	10.10	10.10
U.S. 93 mos & over	10.15	10.15
U.S. 96 mos & over	10.20	10.20
U.S. 99 mos & over	10.25	10.25
U.S. 102 mos & over	10.30	10.30
U.S. 105 mos & over	10.35	10.35
U.S. 108 mos & over	10.40	10.40
U.S. 111 mos & over	10.45	10.45
U.S. 114 mos & over	10.50	10.50
U.S. 117 mos & over	10.55	10.55
U.S. 120 mos & over	10.60	10.60
U.S. 123 mos & over	10.65	10.65
U.S. 126 mos & over	10.70	10.70
U.S. 129 mos & over	10.75	10.75
U.S. 132 mos & over	10.80	10.80
U.S. 135 mos & over	10.85	10.85
U.S. 138 mos & over	10.90	10.90
U.S. 141 mos & over	10.95	10.95
U.S. 144 mos & over	11.00	11.00
U.S. 147 mos & over	11.05	11.05
U.S. 150 mos & over	11.10	11.10
U.S. 153 mos & over	11.15	11.15
U.S. 156 mos & over	11.20	11.20
U.S. 159 mos & over	11.25	11.25
U.S. 162 mos & over	11.30	11.30
U.S. 165 mos & over	11.35	11.35
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U.S. 186 mos & over	11.70	11.70
U.S. 189 mos & over	11.75	11.75
U.S. 192 mos & over	11.80	11.80
U.S. 195 mos & over	11.85	11.85
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U.S. 201 mos & over	11.95	11.95
U.S. 204 mos & over	12.00	12.00
U.S. 207 mos & over	12.05	12.05
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U.S. 303 mos & over	13.65	13.65
U.S. 306 mos & over	13.70	13.70
U.S. 309 mos & over	13.75	13.75
U.S. 312 mos & over	13.80	13.80
U.S. 315 mos & over	13.85	13.85
U.S. 318 mos & over	13.90	13.90
U.S. 321 mos & over	13.95	13.95
U.S. 324 mos & over	14.00	14.00
U.S. 327 mos & over	14.05	14.05
U.S. 330 mos & over	14.10	14.10
U.S. 333 mos & over	14.15	14.15
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U.S. 345 mos & over	14.35	14.35
U.S. 348 mos & over	14.40	14.40
U.S. 351 mos & over	14.45	14.45
U.S. 354 mos & over	14.50	14.50
U.S. 357 mos & over	14.55	14.55
U.S. 360 mos & over	14.60	14.60
U.S. 363 mos & over	14.65	14.65
U.S. 366 mos & over	14.70	14.70
U.S. 369 mos & over	14.75	14.75</



## WORLD STOCKS IN REVIEW

Via Agence France-Press

## Amsterdam

Stock prices lost ground last week, with the CBS all-share index closing at 165.90 on Friday, down from 168.7 a week earlier.

Total turnover reached 6.3 billion guilders during the week, of which 2.97 billion in equities. A week earlier, volume was 6 billion guilders, with 2.2 billion in equities.

The Kempen & Co. brokerage said it expects that the market will slip lower in the new trading week due to worries about war in the Gulf and lack of buyers.

## Frankfurt

The Frankfurt market had another losing week. The DAX spot index indicator closed Friday at 1,381.49, off 32.83 points, or 2.33 percent.

The Commerzbank indicator showed the same trend, ending at 1,712 points, down 37.30 on the week.

Operators said the market was thrown off balance by such bad news as the fall of the dollar, new tensions in the Gulf region and high oil prices.

## Hong Kong

Share prices dropped in thin trading last week, with the Hang Seng index losing 46 points, or 1.5 percent, to 2,932.92.

Average daily turnover shrank to 750 million Hong Kong dollars, down from the previous week's 812 million dollars.

Dealers attributed the lethargic trading to the Gulf crisis and rising oil prices, which kept institutional buyers on the sidelines. They said they expect the market to fluctuate around its current level in the absence of fresh incentives.

## London

Investor apathy in the face of political concerns and an uncertain outlook for the economy prevented any significant gains on the London stock market.

The Financial Times 100-share index ended the week up just 9.9 points, at 2,040.6, and the FT-30 share index finished up 11.9 points, at 1,582.6.

Television-related stocks were among the best performers of the week, supported by news that the operations of Sky Television and British Satellite Broadcasting, the two rival satellite TV stations, are to be merged.

News International, owner of Sky, was a prime mover, while BSB shareholders Pearson, Granada and Reed International also climbed.

## Milan

Stocks had a bad week in Milan, as the MIB index fell by 4.09 percent to end at 774, a low for the year.

Volume remained low at 110 billion lire a day on average, against 95 billion the previous week, with an average of 45 million shares changing hands a day against 40 million.

Analysts said that in addition to Gulf worries affecting all markets, the Milan bourse has also been depressed by the recent introduction of a tax on market capital gains, the absence of legislation modernizing the bourse, and the particularly bad effects on Italy of higher oil prices.

## Paris

The Bourse suffered a substantial loss on the week, as Gulf tensions surged to the fore again. The CAC-40 stock price index closed at 1,572.82, down 3.8 percent on the week.

Volume was on the low side throughout the week.

## Singapore

The Stock Exchange of Singapore opened the week with a brief rally but quickly gave way to selling and liquidation.

The Straits Times industrial index lost about 3.77 percent on the week, dropping 42.61 points to end at 1,088.49, while the SES all-share index ended 9.75 points down at 305.32.

Trading inched up slightly to 149.4 million shares valued at 293.6 million Singapore dollars from the previous week's turnover of 147.2 million shares worth 291.4 million dollars.

Average turnover for the week was 29.9 million shares valued at 58.7 million dollars.

Dealers said the debut of four stocks promoted from the secondary market, SESDAQ, did little to

boost the market, owing to the depressed mood and downward slide of stock prices.

## Tokyo

Share prices on the Tokyo Stock Exchange plunged last week as investors retreated to the sidelines amid growing tension in the Gulf and the dollar's rebound against the yen.

The Nikkei Stock Average of 225 blue-chip shares closed the week at 22,931.80, a drop of 1,263.19 points, or 5.22 percent. It was the first time since Oct. 12 that the key market indicator had finished below the 23,000 yen level.

The Tokyo Stock Price Index of all stocks on the market's first section also fell 78.94 points to end the week at 1,707.44.

With many investors staying away, trading was extremely thin with an average daily turnover of 311.1 million shares compared with the previous week's 406.1 million.

## Zurich

Stock prices fell for most of the week, hitting a level near the year's low, which was recorded in early August after Iraq's invasion of Kuwait.

Prices declined every day but Friday, and the Swiss Performance Index lost 11.06 points on the week to finish at 904.03, down 1.20 percent.

The dollar's weakness and continuing high interest rates were further reasons for market concern, analysts said.

## NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, November 9.

(Continued)

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USNavy				144	24	24	24%	0
USNavy								



# 1992 The World's Rendezvous With Europe

Twenty-First in a Series

Environment / Short-Term Solutions, Long-Term Adjustments

## The Earth Decade: Caring for the Planet

Anita Roddick, founder of the 400-outlet Body Shop cosmetics chain, decided to provide employees at her Littlehampton, England headquarters with company bicycles. So she bought them all bicycles.

The move was typical of Ms. Roddick's success at blending capitalism and environmentalism. Her mostly young, concerned workers welcomed

Financial penalties for polluters possible in the EC

the bicycles for environmental reasons. For Ms. Roddick, the bikes were a lot cheaper to buy than company cars. For her company, the waves of free publicity — including newspaper photos of Ms. Roddick and several hundred workers cycling near the plant — gained approval from customers loyal to the Body Shop's cosmetics-with-conscience philosophy.

But the environmental aspects of doing business in the 1990s go far beyond specialty retailers such as the Body Shop. This is already being billed as the "Green Decade" and "Earth Decade," and the implications of heightened environmental concern among consumers and governments are far-reaching for virtually all aspects of commerce and industry.

A new breed of consumers and decision-makers — many of the aging baby boomers and children of the 1950s and 1960s who retain a strong attitude of stewardship toward the Earth's resources — are having a profound effect on international purchasing patterns and environmental protection laws.

Waste and pollution control have become two of the world's fastest-growing industries. In Britain alone, pollution control is a nearly \$8 billion business this year and is expected to increase to \$25 billion by 1999.

Beyond direct pollution control and cleanup, untold billions more are being

spent by companies in virtually every sector to make their operations more conservation-oriented and their images more environmentally acceptable.

In Europe, the move toward a single market offers the European Community extraordinary opportunities to lay down new environmental standards for its 12 member nations and for other countries that want to trade with the EC.

The drive toward 1992 also offers opportunities for both European and non-European companies doing business in the new single market to tap into the environmental concerns of 322 million consumers.

The European Commission, the EC's 17-member executive body, is currently laying the foundations for environmental regulations that could set standards for air, land and water pollution for all 12 member nations, along with penalties and incentives for individual companies.

These could include tax breaks for the installation of pollution-control equipment and higher "green" taxes — financial penalties for polluters — that are being promoted by Carlo Ripa di Meana, the EC commissioner for the environment. These taxes could affect the production, sale and use of fertilizers, pesticides, lubricant oils, batteries, CFCs and anything else that contributes to pollution.

One of the most significant measures already on the books is the requirement that all new cars sold in the EC from 1993 must be equipped with three-way catalytic converters to control carbon monoxide, nitrous oxide and hydrocarbon emissions.

Many questions remain, of course, about just how laws among the 12 countries can be made compatible and at whose expense. If the EC decides to tackle noise pollution, for example, there is bound to be a huge battle over agreement on standards,

with the most vehement objections coming from poorer tourist-dependent countries whose small airports compete for jetliners jammed with visitors.

Indeed, the poorer countries in the EC are seen as having the greatest pollution problems but the least ability to pay for cleanup. In Greece, for example, any attempt to force Athens to clean up its enormous air-pollution problem is bound to cause untold economic damage, especially for the many small firms that make up the city's economic backbone. Among the poorer countries, a prevailing attitude is that if the EC requires higher environmental standards, then the richer EC countries should help pay for them.

But the richer countries have problems of their own. With North Sea pollution adding to its already formidable problems, Britain is trying to shed its "dirty man of Europe" reputation.

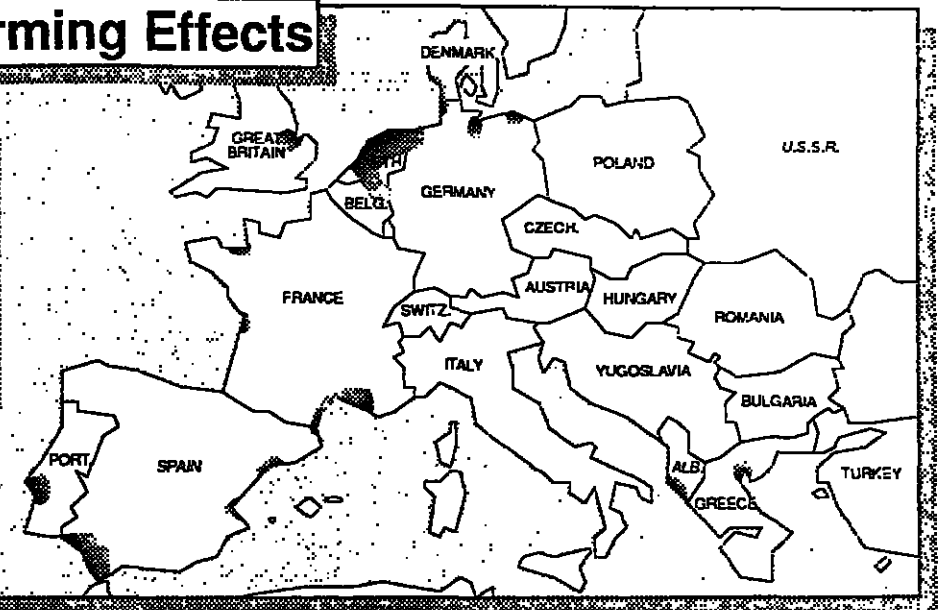
And then there is Eastern Europe. West Germany in particular faces huge cleanup bills for the legacy of environmental neglect from East German industry. The rest of Western Europe — indeed, the rest of the industrialized world — will probably have to share, either directly or indirectly, the cleanup costs for the other emerging free-market democracies of Eastern Europe, whose coal-powered heating, pollution-spewing factories and cars and neglectful and/or financially straitened governments have combined to produce one of the world's worst environmental problem areas.

Meanwhile, in the West, many companies are making changes not because of rules or regulations, but because it makes bottom-line sense. They are reorganizing themselves internally and repositioning themselves externally to meet the demands of

Continued on Page 15

## Global Warming Effects

Increased pollution levels leading to a "greenhouse effect" are predicted to cause rising sea levels. Shown here are parts of Europe's coastline that may disappear if global warming continues.



Source: Business International Ltd.

Pollution Across Borders / A Legacy of Neglect

## Who Will Pay for East European Cleanup?

If there is one thing that the newly developing democracies of Eastern Europe share, it is the knowledge that totalitarianism stinks. Over 40 years of neglected environmental policies have proven that the previous regimes not only polluted the minds of their citizens, but also the air, water and soil of their countries.

Eastern Europe's former rulers may now be gone, but their environmentally lethal legacy lingers. It is a legacy of

mental minister, Bredrich Moldan, says of his country's ecological problems.

Environmental issues created a rallying point for the opposition movements of 1989. In Bulgaria, the aptly named "Eco-glasnost" movement helped force Todor Zhivkov's fall. Mass demonstrations in Hungary focused on the Communist-supported and nearly completed Nagymaros hydroelectric plant, which was to be dammed up the Danube.

Partly as a result of this ecological activism, the new democratically elected governments of Eastern Europe are acutely aware of environmental problems. But the years of environmental neglect in favor of developing heavy industry make cleanup efforts expensive for these already struggling economies. "There is a challenge," says the Czechoslovak

finance minister, Vaclav Klaus, "because the cost of rescuing our environment would be huge. This could definitely block [the country's] economic growth in the future."

Mr. Klaus, who recently became the chairman of the leading Civic Forum political movement, believes that market forces will help resolve this challenge. "I know there is no better environmental policy than a normally functioning and positively growing economy."

The speedy transition to a market economy is the goal of most East European governments — a goal requiring increased foreign economic involvement in cleanup operations as well as increased foreign investment. Western companies are already stepping in to help, even before the full

Continued on Page 15

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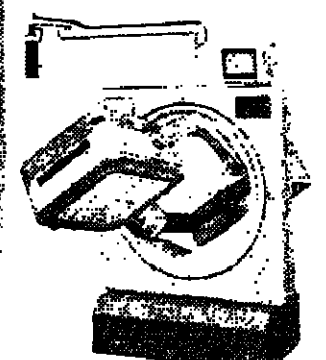
In today's Hi-Tech Age breakthroughs in science are transforming the world before our eyes.

But the more we see, the more we realize the importance of what remains hidden. That's where Toshiba comes in.

Our latest digital gammacamera for example, affords patients the outstanding benefits of higher precision, reliability and safety along with total digital imaging and instant data retrieval.

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# 1992 The World's Environmental Challenge

Interview / Helmut Sihler, CEO, Henkel

## Government/Industry Cooperation Needed

Helmut Sihler, president and chief executive officer of Henkel, a specialist in applied chemistry and a leading German chemical and detergent manufacturer, discusses the outlook for business and environmental control with Axel Krause, corporate editor of the International Herald Tribune. The following are excerpts from the interview.

**What impact is the lower dollar having on the West European chemical industry?**

We find that our U.S. competitors can more easily match our prices and do so. The bright side for Germany is

green and ecologically active. You can only make progress if there is good cooperation between industry and government.

**What kind of European environmental policy would you like to see?**

One that creates a Europe-wide, level playing field. European standards must be a precondition for the European single market. What the EC Commission does must be applicable everywhere in Europe, in the 12 member countries and perhaps beyond, because the environment does not stop at the borders. We would prefer this to national, unitary action.

**What powers should the proposed European Environmental Agency have?**

The agency should first sort out the facts about different standards and systems of measurement and then set European priorities. Standards should not be political, but scientific and environmentally driven.

**Do you consider the U.S. Environmental Protection Agency the most powerful of its kind in the world?**

Yes, if you compare the United States with Europe. We in Europe do, however, have tough environmental legislation in some areas, while in some areas we lag behind the United States — catalytic converters for cars is one example.

**Setting environmental policy at the EC level currently requires unanimous agreement among the Council of Ministers. What is the outlook?**

A big change is coming after 1992. Majority voting should apply. As a strong supporter of a united Europe, I would like to see this happen, and have national governments give up part of their authority.

**How would European standards applied to the environment affect your business?**

Different standards are a hindrance to producing for cross-border trade, and they do, of course, play a role in deciding where to produce. As these differences disappear, it becomes easier to do business.

**What is the priority for Germany?**

We must get the Elbe River as clean as the Rhine. We must also continue making progress on cleaning the air.

**What is your assessment of the**



Helmut Sihler, president and chief executive officer, Henkel.

enormous ecological problems facing Eastern Europe?

A low standard of living does not go hand in hand with a high standard for the environment. The low standard has really hurt the environment, and the problem is that we have to build up both at the same time. But we have to industrialize [in Eastern Europe] in order to environmentalize.

**What lessons have you drawn from the surprising extent of pollution in Eastern Europe?**

What we have learned very painfully is that the destruction of the environment during 40 years of socialism is much worse than we thought. We were misinformed in a very big way. The levels of pollution are about 10 times as high as in the West.

**What sectors are most polluted?**

They are far behind in water. The air, the ground, the soil have also been treated very badly. It is a huge problem.

**Who should play the major role in developing new investments in Eastern Europe?**

The major role will be, must be, private capital.

**What is Henkel's situation in East Germany?**

We are trying to buy back our former detergent company. It was taken over by the state, and we are negotiating to buy back the shares from the Treuhänderanstalt [the public-sector holding company in charge of privatizing the East German economy]. But the transition will take time, because there are not enough auditors, lawyers. And then there is the money question... how much do we pay?

Brussels / Making Headway

## Taxing the Toxic and Other EC Tactics

The EC's environmental policy is a prime illustration of the challenges of the single-market program.

From a subject that was not even addressed under the Treaty of Rome (the 1956 founding charter of the EC) until amendments were added in 1985, the environment issue has managed to become more than just a concern for European companies and citizens. It is now seen to reach into almost every sector of European industry and daily life, and European

An "environmental audit" will be introduced

environmental policies are now being developed by several sectors of the community's law-making institutions.

Although Directorate-General XI of the EC Commission has historically taken the lead on environmental policy, legislation has been handled in coordination with DG III (Industrial Affairs), DG IV (Fiscal Matters) and DG XXIII (Small- and medium-sized enterprises), to name a few. No umbrella organization shapes EC environmental policy, but the legal framework exists to develop harmonized actions among the 12 member states.

Sometimes coordination works: the EC and the six member states of the European Free Trade Association this week reached an agreement to stabilize carbon dioxide emissions by the year 2000. This measure goes far beyond any anti-greenhouse-effect policy now in force in the United States.

Carlo Ripa di Meana, EC commissioner for the environment, has proved remarkably efficient at achieving environmental goals in spite of the commission's sometimes daunting bureaucratic obstacles. Last year, when the EC Council of Ministers requested Mr. Ripa di Meana to draft a communication on "green" taxes, the commissioner tried an unconventional tactic: he asked his fellow commissioners for opinions on a draft proposal rather than asking for formal approval of a final document.

The draft was presented to EC environment ministers by Giorgio Ruffolo, Italy's environment minister and the current president of the EC Environmental Council, in an informal session. This allowed Mr. Ripa di Meana the possibility of submitting the draft

later to the commissioners without having to go through the lengthy process of getting each member state's reaction, since the ministers had already given their input.

The strategy worked so well that Mr. Ripa di Meana may be ready to include environmental taxes within the commission's upcoming indirect tax packages. He announced on Oct. 8 that the commission is developing an "environmental audit" designed to monitor pollution produced by companies throughout the EC, to be introduced next year. All these endeavors should help pave the way for the adoption of fiscal instruments to enforce EC environmental policy.

The European Council requested in November 1989 that a group of experts from member states be created to report on the use of "green" fiscal instruments. That report, released on September 5, 1990, showed that deposit refunds, waste disposal charges, materials levies, tax differentiation and tradable emission permits have been experimented with in individual member states but never applied uniformly by all 12 EC countries.

The challenge for the EC lies in harmonizing fiscal incentives in a way that will not cause trade imbalances among EC countries. A tax on fertilizers in Holland, for example, without an equivalent tax in neighboring Germany or Belgium would be contrary to basic single-market tenets.

Jos Delbeke of DG XI says that at this point no particular fiscal instrument takes priority over another. "It will be a trial and error process," he says. "The object is not so much to punish as it is to change attitudes and to introduce incentives."

Dr. Edward Bennett, also of DG XI, agrees. As a veteran player in the EC's waste-management strategy, he has noticed a significant change recently in the community's environmental policy. Historically a revenue-driven machine concerned solely with cleanup actions, the community now considers prevention its main priority. "I am encouraged by industry's response," Dr. Bennett says. "It has gone far wider than just recycling. Trade associations have begun to organize their members, and we are seeing a move toward prevention in the early stages."

Waste management currently rivals fiscal incentives as the pressing issue in the community's environmental program. Border checks are now used to control the movement of nuclear and hazardous wastes between countries and to meet obligations under international treaties. The lack of border checks after 1992, if no sufficient replacement is found, could make possible the increased road haulage and air transport of wastes from countries outside the EC, among other problems. The EC's waste-management strategy must address such issues. Perhaps the greatest challenge will come in ensuring that the flow of waste toward lower-cost disposal plants will not get out of control in a borderless Europe after 1992.

Current legislation in the community's waste-management strategy includes the following:



Carlo Ripa di Meana, EC environment commissioner.

• preparatory work on the labeling of environmentally "friendly" products;

• studies on the incineration of toxic and dangerous waste;

• landfill standards and restrictions on the types of waste that can be dumped in landfills.

The list also includes air pollution, chemicals, nature conservation and nuclear safety. This confirms the wide scope of environmental issues in the EC, similar in complexity to the consumer market the community will need to police in two years' time.

Dan Morrison

### Environment

## Earth Decade

Continued from Page 13

consumers' increasing environmental awareness and sophistication.

Shops are selling free-range eggs and vegetables grown without chemical fertilizers; major European companies such as Siemens AG and Asea Brown Boveri Inc. are developing super-efficient giant turbines to produce lower-cost electricity.

Many corporations are either trying to build their own ecological bandwagon or jump on someone else's, but they are finding they can no longer get away with merely saying their products are environmentally friendly.

Besides the need to conform to regulations and polish public images, many companies are putting a new emphasis on the environment as part of the growing trend toward responsible corporate citizenship. Not only is protecting the environment something that has to be done to meet regulations and that needs to be done to increase profits, but it is also something that should be done simply because it is right to protect natural resources for future generations.

In some cases, companies are being prodded by unions that are bringing environmental issues to the bargaining table, issuing environmental manifestos and appointing "green" shop stewards. For all those reasons, environmental concerns in industry have spawned a new phenomenon that is sure to become a standard part of business: the environmental audit. Such audits of major chemical companies, for example, are a large part of the reason that the chemical industry in EC

countries is expected to devote 25 percent of its capital spending to environmental protection in the coming years. A number of leading accounting firms are developing specialties in green audits, which look beyond traditional book-keeping to evaluate the short-range and long-range environmental impact of the company.

Along the same lines, another service sector sprouting from the environmental movement is "green" consultancies, which combine environmental evaluations with traditional management consulting. These

consultancies are booming not only because of increasing concern in industry, but also because of industry's shortage of professional managers who are aware of the issues and qualified to create programs to improve their companies' environmental performance while still protecting the bottom line.

Consequently, many European companies are beginning to emphasize environmental acumen in their recruiting and training. People created pollution problems, and people have to solve them.

Timothy Harper

### Pollution Across Borders

## Who Will Pay?

Continued from Page 13

economic transition within Eastern Europe is completed.

Czechoslovakia, which plans to reduce sulfur dioxide air emissions by 30 percent within the next five years, received a boost this year when a West German equipment supplier co-founded the Otes joint venture with a Czechoslovak engineering enterprise to desulfurize four coal-burning plants.

The skyrocketing expense of oil — especially following the crisis in the Middle East — and the unreliable delivery of oil supplies, combined with the visibly devastating effects of coal-burning-produced energy, are forcing the Czechoslovak government to look toward increasing its reliance on nuclear-generated power. Despite objections from the neighboring Austrian government, the Czechoslovak Ministry of Fuel and Energy plans to

go from the country's current 29 percent energy dependence on nuclear power plants to 50 percent by the year 2000. "There are no other alternatives," Mr. Klaus insists.

The Soviet-licensed VVER nuclear power plants to be established in Czechoslovakia are causing concern not only to Western neighbors but also to an indigenous populace with still-fresh memories of the Chernobyl nuclear accident. The demand for improved safety has brought consultants from Bechtel, Westinghouse and Siemens to assess the situation and bid on future development.

Cooperation with Western companies will be needed not only in the highly specialized nuclear industry but also for the tasks of cleaning up toxic wastes, making East European industries more energy efficient, and helping replenish water supplies in tapped-out areas.

Marlene Kounalek

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# 1992

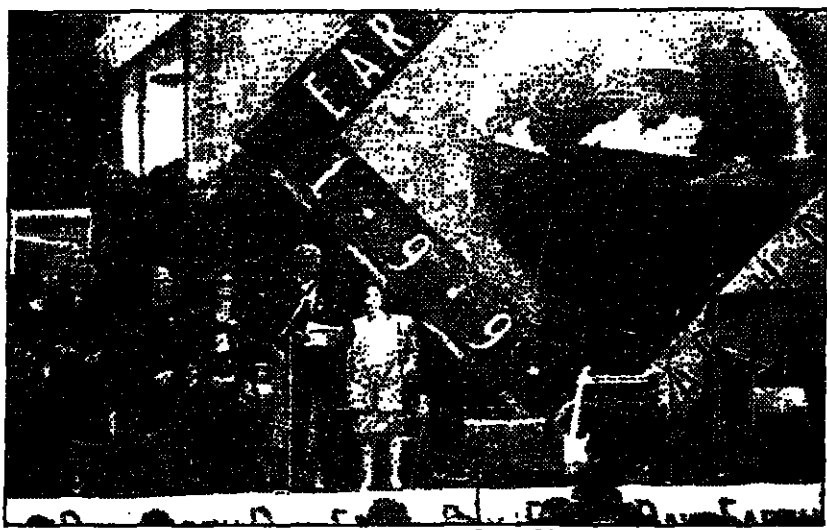
United States / Cleaner, but Cost Is High

## New Initiatives Mark 20th Earth Day

The United States' actions to combat environmental problems over the past two decades have been watched closely by the European Community, and sometimes emulated by authorities in Brussels. Stringent American regulations to curb automobile exhaust, for example, have led the way for similar restrictions adopted recently by the EC.

On some environmental issues, however, the Community is now passing the United States. The EC timetable for phasing out products that damage the ozone layer is more advanced than the U.S. schedule, the Community is adopting a more cautious position on allowing biotechnology experiments that could harm the environment, and on Nov. 7 the United States refused, at a Geneva conference on global warming, to commit itself to an EC-backed international agreement to cut carbon dioxide emissions by a specific percentage.

Some major U.S. accomplishments have been made in 1990, however. After more than a decade of rancorous debate, Congress approved a major revision of the Clean Air Act, resulting in what Rep. John Dingell (D-



Celebrations in New York City marking Earth Day 1990.

Earth Day — are only heightening the debate over how drastic the country's environmental problems are and how they must be solved.

Take the struggle over California's hotly debated "Big Green" initiative, a broad antipollution program that failed by a wide margin in a Nov. 6 vote. Of its provisions to reduce the use of pesticides, the measure's supporters stated: "Chemicals that are known to cause cancer should be eliminated from the food supply. We should not, and need not, accept the inevitability of carcinogens in food." Bob L. Vice, president of the California Farm Bureau Federation, replied that the "risk of cancer from ingesting [pesticide] residues on fruits and vegetables is greatly outweighed by the benefits [reduced risk of cancer and other chronic diseases] of regular consumption of these foods." Industrial producers of pesticides spent millions of dollars to combat Big Green — and apparently their strategy was effective.

Even though the initiative failed, it may nevertheless set off a rash of similar referenda nationwide, as did California's anti-tax Proposition 13 in the late 1970s. Individual states are already acting on their own to toughen environmental laws. Maine banned the sale of palm-sized juice boxes in September because the combination of paper, plastic and foil is hard to recycle. Other states, burdened by

solid waste, are considering restrictions on all beverage containers.

The Clean Air Act covers a broad range of air pollution problems. As approved by Congress, the act will, among other things:

- phase in tighter restrictions on vehicle exhaust, beginning in 1994;
- require oil companies to sell cleaner-burning gasoline in designated regions starting in 1995;
- mandate that gasoline stations in smoggy areas install caps on pumps to prevent fumes from escaping;
- reduce the emissions of sulfur dioxide and nitrogen oxide, the noxious components in acid rain, from power plants by the year 2000;
- require factories that emit cancer-causing substances to almost eliminate the output of close to 200 chemicals within 10 years;
- eliminate the production of chlorofluorocarbons and other chemicals that damage the ozone layer surrounding the Earth.

The Bush administration has been worried about the effects of the bill. Some economists have estimated that the cost to industry in complying with the bill's requirements could be more than \$25 billion annually. Michael Boskin, White House economic advisor, wrote Rep. Dingell earlier this year to warn that after the legislation takes effect, "productivity growth will be reduced. Growth in workers' aver-

age real income and in productivity will thus both slow. Domestic industries that are required to spend intensively on pollution controls will definitely become less competitive in world markets, and some jobs will move offshore as a consequence."

Now that the Clean Air Act has passed, attention will shift to the Environmental Protection Agency (EPA), which will write the regulations to carry out the laws. The EPA will no doubt come under pressure from business to interpret the legislation in a way that will make compliance less costly.

Since Mr. Bush entered office, the EPA has stepped up its enforcement activities for existing anti-pollution regulations. The EPA's budget for such activity is four times what it was in the mid-1980s. Criminal fines for violations of environmental laws, which are imposed by the Justice Department, increased 30 percent in 1989, compared with the year before. But EPA officials admit that chasing polluters is only a small part of the battle. "Until now, our nation's laws and regulations have concentrated almost exclusively on waste treatment and waste cleanup," says William Reilly, EPA administrator. "As vital as these efforts are, they can achieve only a limited amount of environmental protection."

Many of the provisions of the Clean Air Act are, in fact, aimed at stopping or reducing the production of polluting substances that is eliminated under the legal limit. The credits can be used by the plant for technology to cut harmful emissions or sold to other utilities.

Joel Hirschhorn, an environmental specialist formerly on the staff of the U.S. Congress's Office of Technology Assessment, says that pollution prevention requires that both corporations and individuals make significant changes in their habits.

He points out that the United States is currently the world leader in the production of hazardous waste, as measured on a per capita basis. The extremely low rate of hazardous waste generation in such European countries as the Netherlands and Switzerland shows that environmentally safe industries can coexist with a high standard of living, he says.

Some major companies agree that they must take a leading role. Edgar S. Woolard, chairman of Du Pont, maintains that only industry, not government, has the resources to figure out how to end pollution. But making the transition to clean operations could ruin his company.

Steve Dryden

Rubbish / Reaching a Crisis Point

## Tightening the Green Belt Around Europe's Waste

As Europe's citizens grow older, greener and ever more appalled by the rubbish piling up in their national backyards, EC authorities and member governments are belatedly strengthening their regulations on the transport, disposal and recycling of waste.

These developments are encouraging EC businesses to look at cleaner production methods and are beginning to offer opportunities to a new

Companies are seeing that ecology can be profitable

breed of multinational garbage collectors.

"As national barriers come down within Europe, we expect to see much stricter community-wide standards on toxic emissions and tougher restrictions on landfill sites," says Peter Ruff of Waste Management International, the London-based European subsidiary of America's largest garbage disposal and management corporation, whose worldwide revenues amount to some \$5 billion a year. We welcome tighter government rules because they're good for our business," Mr. Ruff adds.

The EC Commission in Brussels is now moving with more determination to control waste movements to and from the EC as well as inside community territory. "The year 1992 must not provide a passport for garbage intended to be disposed of within the EC," commented Carlo Ripa di Meana, EC environment commissioner, in September when he introduced a new draft regulation on this subject. The draft sets out to severely curtail the transport of waste products for any purpose other than recycling.

A recent United Nations treaty — the so-called Basel Convention adopted in March last year — aims at controlling cross-border movements of hazardous waste materials such as pharmaceuticals, chemicals, explosives, metals and plastics. But regulations — and even more importantly, the extent to which they are applied — vary considerably from one EC member state to another.

Waste companies are not waiting for Europe's rules to be enforced before moving in on the markets. The move away from small local collection companies to international waste-management operations can be seen throughout Western Europe. Spain's Fomento de Obras y Construcciones

S.A., which controls around half the country's waste market, is handing street and beach cleaning in the town of Brighton on England's south coast. France's Lyonnaise des Eaux runs a waste-management unit called SITA that earns around 15 percent of its revenues on foreign operations.

"Fundamentally, we need to shift the focus away from clearing up the mess at the end of the pipe to eliminating or reducing pollution during the manufacturing process," says Dr. Leo Baas of the Center for Environmental Studies at Erasmus University in Rotterdam. "This cannot be achieved overnight, particularly when many companies may have invested in capital goods working on traditional technologies with a 20- or 30-year life span," he adds. "However, substantial success can be obtained over the next 10 to 20 years, provided that full top management commitment is secured."

Multinationals operating in environmentally suspect sectors have been quick to see the value of "greening" their activities and ultimately their international reputations. U.S.-based Dow Chemical has established a program called WRAP — Waste Reduction Always Pays. One Dow employee won an award under this scheme by noticing that the carbon employed in one process could be reused in another. BASF, the German chemicals conglomerate, is inciting plant managers to cut waste at the source by including incineration and dumping charges in initial cost projections for proposed investments.

"It is not only big companies that we need to reach; waste reduction and recycling schemes also need to be addressed to small- and medium-sized enterprises," says Jacqueline Aloisi de Lardiere, director of the United Nations Environment Program (UNEP) in Paris. "In tandem with the U.S. Environmental Protection Agency, we have recently set up a computer-based information network known as International Cleaner Production Information Clearinghouse, or IC-PIC," she reports.

The benefits to business of environment-friendly activities are not always immediate, however. Several U.K. firms are complaining that planned legislation aimed at cleaner production methods will increase their costs significantly, making them uncompetitive in Europe, while many are calling for subsidies to help with the expense.

Michael Howe

Opinion / Gro Harlem Brundtland, Prime Minister, Norway

## Toward Sustainable Development

Gro Harlem Brundtland, leader of the Norwegian Labor Party who on Nov. 3 became Norway's prime minister for the third time, was chairman of the World Commission on Environment and Development from 1984 to 1987. Prime Minister Brundtland discusses the kind of environmentally conscientious development she regards as essential in the coming decades:

While EC member states battle to remove trade barriers that stand in the way of a planned single market of

Business may see ecologists as allies

more than 300 million consumers, the global environmental community will be facing up to an even greater challenge: how to make economic and political sense of "sustainable development." The World Commission on Environment and Development, in

its 1987 report "Our Common Future," called for sustainable development as the only viable strategy for global change.

Sustainable development means that we must ensure that the needs of the present are met in such ways that they do not compromise the ability of future generations to take care of their needs. The concept and the quality of growth must be changed. Growth that degrades the environment is not progress, but destruction.

The year 1992 will mark the 20th anniversary of the Stockholm Conference, which more than any other event placed environment and development squarely on the international political agenda. In Stockholm in 1972, business and industry were conspicuous mainly by their absence. Big business — represented by multinational corporations — felt that it was cast as the villain of the piece, tried in absentia and found guilty. The



Gro H. Brundtland: "The concept and the quality of growth must be changed."

wider debate was pitched in terms of black or white, environment or development. By contrast, business people attend environmental conferences today in force. The environment, they know, is becoming a competitive issue for many companies and most industries.

Nor are these business people simply thinking in terms of damage limitation. Increasingly, they are alert to the new business opportunities being created by the current worldwide drive for environmental quality and sustainable development. This perception is very much behind the International Chamber of Commerce's plans for a second World Industry Conference on Environmental Management in Rotterdam in 1991.

The combination of environmental disasters, new regulations and the rise of the "green consumer" and "green investor" has helped convince a growing number of companies that they must build the concept of environmental sustainability into their planning and operations. But how?

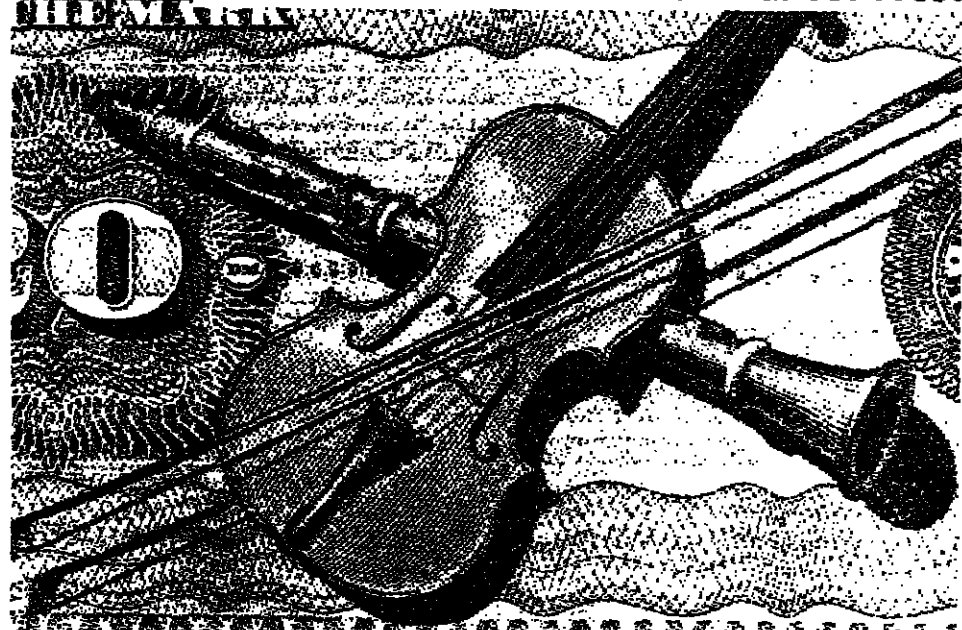
ment movement could be the most important social, economic and cultural influence worldwide.

Several governments have developed national response strategies following the recommendations of the World Commission on Environment and Development. Preparations for the 1992 UN Conference on Environment and Development in Brazil will inevitably encourage more countries to consider how they can best move toward sustainability.

Some companies know that by the time their youngest employees retire, the world's population will be well on its way to another doubling. Because industrial production could have increased from five to seven times, while environmental pressures will be even more intense, they forecast the opening up of huge "green growth" opportunities. By working with the environmental movement, they suspect that they can get ahead of the game — and of their competitors.

We need a new era of cooperation to change our previous unsustainable patterns of growth. In that effort, we will need the dynamism of the private sector. After curbing and reversing the arms race, it could be easier to take out a sustainable development dividend to counter the new threats to our security.

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## 1992

Design / Throwaway vs. Lasting

## Ecodesign: New Products for a Greener Culture

Perhaps partly because of the heritage of mystical Catholicism, Italian design culture — to use an exquisitely Italian phrase — has long focused on some of the more metaphysical aspects of design and engineering. Now, many Italian analysts of design are turning their attention to ecology.

Ezio Manzini, associate professor of architecture at Milan's Politecnico Institute and the director of the design division at Domus Academy, a Milanese postgraduate design school,

Objects should be kept, not casually discarded

says there are two schools of ecologically aware industrial designers.

"There is, let us say, an Anglo-Saxon current, with young engineers and groups of designers trying to create products that have the lowest possible environmental impact," Mr. Manzini says. "Then there is an Italian school, admittedly a little weaker, in terms of concrete proposals. The Italian school is attempting to design new systems of values."

Mr. Manzini is working to reconcile two apparently incompatible systems — industrial design (known as *il design* in Italian) and environmentalism. The result, he hopes, will be "ecodesign," and it is hardly the sort of high-tech, sweeping, cutting-edge stuff that hopeful consumers imagine will solve the problems of ecology. It actually resembles gardening.

"We live in a world of objects," Mr. Manzini explains. "The modernist or functionalist concepts of mass production tell us that each of these objects is nothing more than the function it performs. The end result of this approach is the disposable product — use it until it breaks or wears out, and then throw it away. What the Italian school of design philosophy is trying to do is to attribute new qualities to objects."

In this effort to engineer qualities instead of quantities, some remarkable concepts are generated. "What about a world that you have to take care of, and no longer a world of things that you can simply discard?" Mr. Manzini asks.

"Objects that last, and hence, objects that require maintenance, may seem at first like an added burden. But think about gardens. People keep gar-



dens for the fruit and vegetables that the garden may give, or the beauty of the flowers, but at least in part they have gardens so that they can take care of them," Mr. Manzini says. He suggests overturning the concept of convenience as the main reason for buying products.

Other design qualities are also worth reevaluating, he believes. "The idea that newness is the chief quality was a very powerful idea in this century," he says. "The modern world was full of shiny new things. Maybe now we should design things so that they can age well; design a patina of age that develops, giving the product a new quality." Milan's Domus Academy is working to develop new handmade materials that develop such a patina.

Another vital characteristic is that of speed and rapidity; perhaps it is time to examine the quality of slowness, he suggests.

"What we are speaking to here is one of the weaknesses of ecological philosophy. If I say to somebody, 'Close your eyes and think of an ecologically better-balanced world,' there are not many people who see a more positive world. People imagine a less opulent world, a world more or less like Italy in the 1950s. The lighting is a

little dimmer, there are fewer cars on the road, and so on. The challenge we are facing now is that of creating fragments of ideas, solutions to problems, that people see not as a sacrifice but as an objective improvement."

Such as? "Such as organic food," Mr. Manzini says. "Or better yet, such as the bicycle. In the 1950s, in Milan, factory workers used bicycles to go to work. In the cold, in the fog, in the dark. And every automobile that went past, every Vespa, every moped — the factory worker would feel the fatigue and frustration of pedaling. In 1990, people who choose to move around Milan see a bicycle as an advantage, an improvement in their lives. Of course, nowadays all the factory workers have automobiles, so the air is so bad that it is actually harmful to your health to bicycle in Milan." He smiles. "But in theory [a bicycle] is an improvement."

In an effort related to Mr. Manzini's notion of "objective improvement" possible in a more ecologically friendly world is a project by Arcigola, a gastronomic association, to promote a "slow food" movement. The organization awards its seal of approval to restaurants that take the time to prepare high-quality food.

Mr. Manzini feels that there are a

number of focal points — such as that of the bicycle or of improved nutrition — where designers and manufacturers can, with careful marketing and promotion, "make an ethical choice to give a vaguely perceived need in the consumer a chance to develop."

None of these needs can be designed at a drawing board. "If you want to launch a campaign against disposable products that is not merely moralistic, then you have to offer something more, a plus that corresponds to some confused demand already present in the public."

Mr. Manzini cites Volvo cars and Timberland shoes as examples of successful products being explicitly promoted for their durability.

Mr. Manzini admits that this entire approach is extremely theoretical. "In the short term, the applications may be few and far between. But in the long run, simply designing recyclable products is not enough. This is an attempt to design a far-reaching strategy, a way of guiding technological development. Perhaps what we will have eventually is a combination of the Italian and Anglo-Saxon schools of environmental design."

Anthony Shugar

North-South Partnerships Linking Aid to Environment

## Ecologically Oriented Growth for the Third World

When environmental issues were on the political fringe in the industrialized world, developing countries often considered them an unaffordable luxury.

Now there is a growing consensus in rich and poor nations alike that conservation and sustainable development are inextricably linked. Traditional ecological concerns such as

Poverty reduction should be the first line of attack

business regulation and wilderness protection have been recast in a new, human context.

The upcoming United Nations Conference on Environment and Development, set for June 1992 in Brazil, will reinforce the linkage. Meanwhile, European, Third World and international organizations are striving to build North-South partnerships for ecological and humane growth.

For many, the rethinking began with the 1987 report of the UN's World Commission on Environment and Development. "Protection of the environment and promotion of economic development are not separate challenges," the report says. "Development cannot subsist on a deteriorating environmental resource base, and the environment cannot be protected when growth plans consistently fail to consider the costs of environmental destruction."

Joseph Wheeler, chairman of the Paris-based Organization for Economic Cooperation and Development (OECD) Development Assistance Committee, says rapid global population growth makes the link imperative.

Poverty is often a cause and a result of environmental degradation because the poor are forced to farm marginal lands, to cut forests for fuel, to exploit nature in order to survive. Mr. Wheeler believes that "an accelerated effort to reduce poverty, including high priority to family planning, should be the first line of attack" on environmental issues in developing countries.

The UN takes up developing-world ecological issues through several agencies. The Nairobi-based UN Environment Program is considered to be "the environmental conscience of the

UN system." Unesco in Paris manages programs to protect more than 300 World Heritage sites and nearly 300 biosphere reserves.

Among other groups with environment-oriented projects, the International Chamber of Commerce supports various ecological endeavors and the World Bank has helped countries set environmental strategies and in 1990 made environment-oriented loans to Brazil, the Ivory Coast, Madagascar and Poland. The International Institute for Environment and Development in London researches land use, sustainable agriculture, environmental economics and climatic change, while Oxfam of Oxford, England organizes such diverse efforts as regreening in Indonesia, water harvesting in Burkina Faso and development initiatives in the Amazon region.

Environmental issues in the developing world are often interwoven with politics. Agencies find that land reform, democratization, community empowerment and greater justice for women are essential parts of ecological improvements. At the same time, the environment in developing countries is affected by the practices of multinational companies and the imbalances of the international economic order.

The Greens Party in Germany is among the European organizations concerned with the environmental impact of business and aid on the developing world.

The World Wide Fund for Nature (formerly World Wildlife Fund) has made businesses environmental partners through debt-nature swaps. With their help, WWF has purchased some of the debt of Costa Rica, Ecuador, the Philippines, Madagascar and Zambia, which have agreed to apply the equivalent in their currencies to local conservation.

The International Union for Conservation of Nature and Natural Resources (IUCN), based in Switzerland, works closely with WWF, the UN, the World Bank and others. IUCN Director General Martin Holgate says that "any country that does not conserve the 'natural capital' of its soils, waters, air and biological productivity has no future."

Barbara Borst

New Sources / Alternatives to Oil

## Energies to Fuel Tomorrow's Needs

Oil shocks of the 1970s spurred development of alternate energy sources. The current Gulf crisis, which has sent oil prices skyrocketing, could once again have a major impact on the new fields of alternative or renewable energy.

Our world consumes nine billion tons of energy each year. Thanks to the first wave of new technology programs, 16 percent of Earth's energy

More energy-efficient technologies needed

needs are already being met by renewable sources: 1.15 billion metric tons by the biomass (wood and waste recycling) and 455 billion metric tons through hydroelectric power.

Across Europe, technologies to extract wave, wind and solar energies are finding wider applications. Yet, despite advances in geothermal heating, wind turbines and photovoltaics, cost and performance are still not competitive with conventional energy, nor are they likely to be by 1992.

European spending varies by country, and for the moment at least, the EC is without a common "new energy" plan. Germany leads Europe with an outlay of \$156 million a year on research and development, followed by Italy (\$80 million), Spain (\$50 million), the United Kingdom (\$25 million), the Netherlands (\$23 million) and France (\$14 million).

One drawback of alternative energies is that one must live where nature stocks them. Thus, solar power is big in sunny regions like France's Côte d'Azur. Bernard Chabot, head of new technologies at the Agence Française pour la Maîtrise de l'Energie (AFME) at Valbonne, maintains that the last decade saw a giant leap in French solar power use overall. "In 1980," he says, "only three or four homes had solar cells. Today we have 4,000."

There are two types of solar power. The most common is thermal heating, in which the sun's energy heats water. The hot water is used for showers, central heating — and swimming pools. Henri-Paul Bazin of Giordano Industries in Mougins, France, one of Europe's top manufacturers of solar energy equipment, says: "Eighty percent of solar energy in Europe goes for heating pools."

European research in solar energy has been extensive. But Dr. Karola Taschner, scientific advisor to the European Environment Bureau (EEB) in Brussels, says that many businesses are anxious to stop funding R&D and get on with commercialization. "It's expensive to build solar heating sys-



Solar-cell panels in operation.

tems," she says. "The industry could be more competitive; it just needs help. It's time to start putting government money to more practical use."

The developing side to solar energy is photovoltaics — solar cells that create electricity without noise, moving parts or pollution. Some experts see photovoltaics as our best bet for a clean, new, commercially viable energy source. Europe produces 20 percent of the world's photovoltaic cells, behind the two principal makers, the United States and Japan, each of whom account for one-third of the market. Hundreds of thousands of the cells are already used daily — for example, in pocket calculators.

Small photovoltaic generators (160-1200W) are being developed for low-population areas in Italy, Greece, Spain and Portugal. For secondary residences in Switzerland and France, family "kits," or individual generators of 20-80W, provide lighting and power for television and radio. The kits are now marketed at around 3,500 French francs (\$700) in France.

Wind power, though less developed, is also used to provide electricity in rural zones. Water pumps, desalination, mountain beacons and buoys at sea are other uses. But one must live where the wind blows year-round to benefit. In France, it is successful in blustery Brittany or the windswept Rhone Valley, where a few wind machines, or aerogenerators, have been installed. But in these remote areas, it is actually cheaper to bring electric current in.

The Dutch have traditionally used windmills; of course, but Holland's northern neighbor Denmark is making the most extensive use of wind power in Europe. The Danes currently produce 250 megawatts and are aiming

for one gigawatt by 2000. Wind power gained ground thanks to the rise of Danish land cooperatives over the last 20 years. Landowners pool their properties, buy aerogenerators for their own needs, then sell their energy surplus to power plants. Today, wind energy is an industrial force for the Danes, and much of it is exported.

A meeting of European scientists held in Madrid last September estimated that 10 percent of the EC's total electricity production could come from wind by 2030. Many European countries plan to increase their output by the turn of the century. Holland projects one gigawatt by 2000; Germany is targeting 200 megawatts, more if oil prices stay high.

New biotechnologies could restore a major role to local resources, called the biomass. Biomass provides energy for heat from wood, household waste and agricultural residue. Biomass could also furnish alternative fuels for transport. Vegetable oils, such as colza, are already used as a diesel combustible. Natural gas could likewise bring energy security to European countries looking to reduce their oil dependency. The Earth's natural gas resources, though limited, are being consumed only half as fast as oil. Some Europeans have launched programs to spur the use of natural gas vehicles.

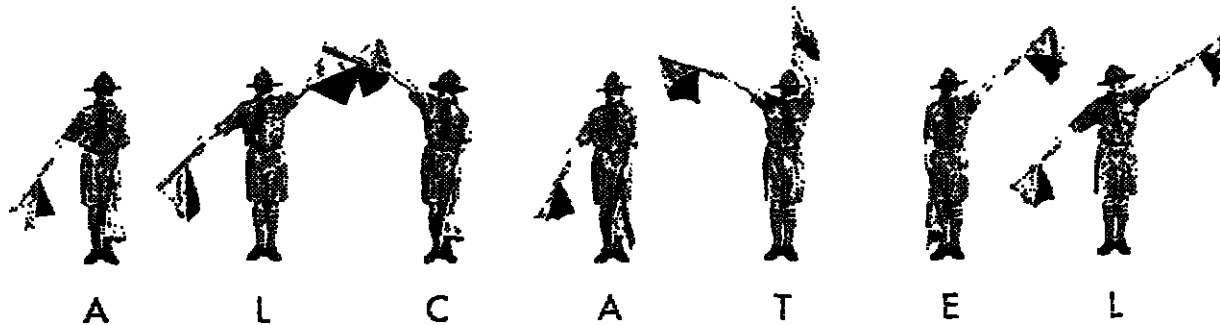
Small power plants may be the wave of the future. A single, 10 kilowatt station can serve 12 homes, while 8-megawatt plants can furnish small cities. Both options are strongly backed by the EEB. "Decentralized plants can replace the big 1,000-megawatt plant, which is both an energy-loser and a polluter," Dr. Taschner says.

The Danes are leading the European drive to limit big power stations; the Danish government-established energy plan has frozen the building of new plants entirely. "Today, our practice is for more decentralized plants," says Dr. Finn Bro-Rasmussen, professor of ecology and environmental science at the Technical University of Denmark.

From here to 1992, alternate energies can only account for part of Europe's energy restructuring program. Energy efficiency must also fit into the new consciousness. Jacqueline Aloisi de Larderal, director of the United Nations Environment Program, says her organization strongly favors efficiency. "Of course, it's more rewarding to put new equipment to work," she admits. "New technologies always grab the headlines. It's more cumbersome to examine existing methods. But one-third of our savings can come with energy-efficient technologies."

Joshua Jampol

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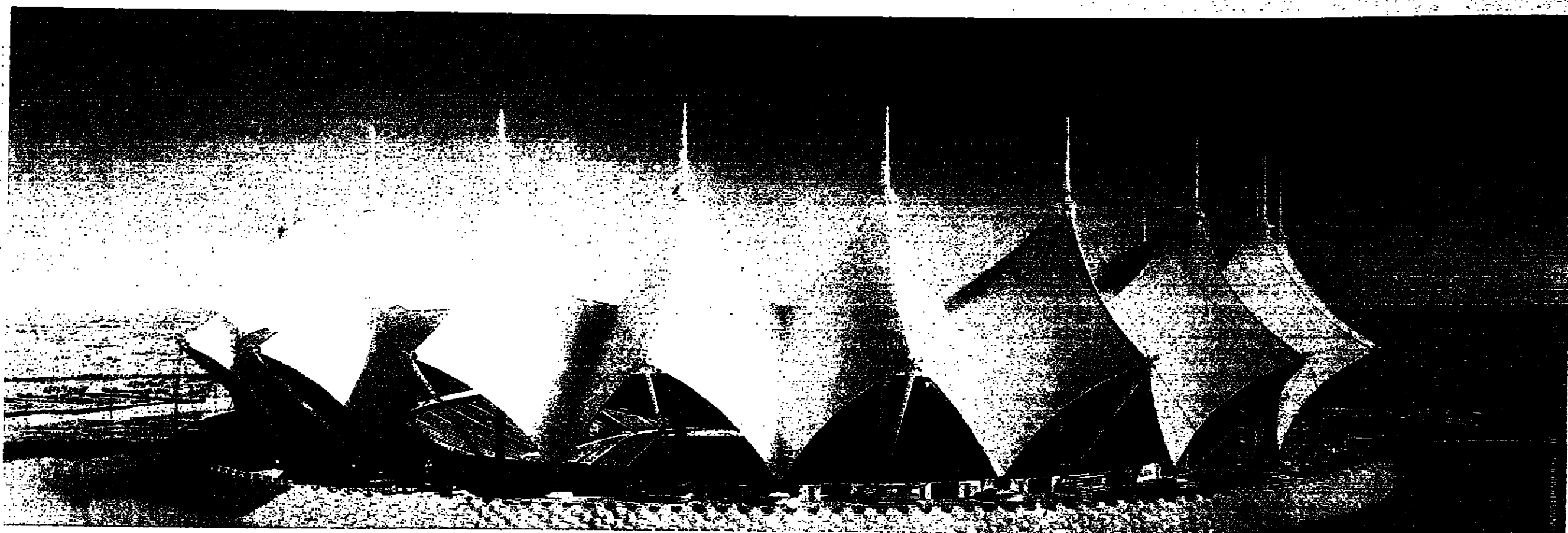
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مكتبة الامم المتحدة



# 1992 The World's

## Marketing / Green Goods and Services

### Claims to Accountability: Ecomarketing for the '90s

A green dot will join a blue angel as the two hottest and most-talked-about trademarks in Europe this year. The dot will be found on all products that are destined to be recycled, and presages the launching of Germany's "dual waste recycling system."

Throughout Europe, "green" marketing is entering a new phase: it is no longer going to be primarily a question of what to buy, but how it was made and how to get rid of it.

There are about 150 million green consumers in Western Europe these

products that are "more friendly" to the environment. In 1979, there were 34 of them; in 1990, 3,200.

"All the blue angel says is that a product is relatively better in one way, not that it doesn't damage the environment at all," says Klaus Gerosa, a leading expert in the field of ecological marketing. The Federal Environment Agency is the first to admit that he is right: "It's a process of weighing risks and comparing pluses and minuses," a spokesman says.

Product-services bonding heralds the entry of the services sector into the booming market for environmental sales slogans. For example, a bank (Germany's BfG Bank) links a service (its "Environment" automobile loan) to an allegedly environmentally positive product (a reduced-emissions automobile). Other examples are car tune-ups, mortgages (which include funds for natural-gas-powered heating systems) and computer programs (a major automobile manufacturer provides logistics that smooth the flow of truck traffic, reducing traffic-jam-caused exhausts).

In retailing, "Eco Corners" — featuring environment-friendly goods grouped together — are the latest promotional technique. Some retailers, such as Germany's Tengelmann group (Plus, Tengelmann) have actually changed packaging materials and blacklisted products made from tropical woods or endangered species.

There are now over 4,000 companies providing business-to-business environmental products and services in Germany, with waste disposal one of the fastest-growing sectors. A large portion of the DM250 billion (US\$158 billion) that Munich's authoritative IFO economic institute estimates will be spent by Germany's companies and public-sector authorities over the



Back to basics: the Body Shop's company vehicles are bikes.

next 10 years will go toward reducing and removing old and new wastes.

Consumers are being confronted with this fact on a daily basis, as an EC city dweller struggling to get rid of a refrigerator or the refuse from a renovated house is well aware. The public sector, at its wit's end trying to find new dump space, has come up with a simple solution: the producer of the waste is accountable for its disposal.

Porsche, Bosch and IBM are just a few of the companies working on ways to ensure the total recycling of their (and their competitors') automobiles, refrigerators and computers, to mention but a few products.

Enter the green dot. Once the province of Germany's ecological groups, which affixed it to all products that were easy to recycle (including their packaging), the dot will soon be more prevalent than the blue angel on supermarket and department-store shelves. A new law, to take effect in 1992, will direct all of Germany's retailers to accept all packaging materials from products they have sold and to charge a deposit on each packaged product, which would then be entitled

to bear the green mark of approval.

The same principle will hold true for manufacturers, with both sectors being able to avoid forced recollection only by setting up a network of private disposal and recycling systems. In response to massive criticism about the fact that there is little real incentive to recycle, since it is simpler (and cheaper) to burn plastics and other packaging materials, Klaus Töpler, Germany's minister for the environment, recently announced the setting of quotas for the reuse of materials gathered by the new private-sector recycling bodies springing up throughout the country. Similar plans have been announced in the Netherlands, Denmark, Sweden and Norway.

If the '80s was the decade of the overblown claim in marketing environmental products, waste avoidance will be the selling point of the '90s. A look at upcoming product slogans: "80 percent less packaging material — and all of the convenience," "No waste, no fuss," "The first recyclable loan — reuse it for new products."

Terry Swartzberg

## Portfolios / Profiting from Public Concerns

### Investors Cashing In on Environment-Friendly Stocks

As Europe debates the global threats to its environment and painfully looks for solutions, investors seek the answer to a more personal concern. How can they arrange their portfolios to reap maximum profit from growing green awareness?

There are four or five areas in which green issues play a central role," says David Owen, an analyst with Paribas Capital Markets Group in London. "These include waste management and recycling, water purification and treatment, air pollution

garnered praise but also bolstered the group's stock rating.

Less obviously green companies have also launched environment-friendly projects. Metallgesellschaft AG is a service-oriented raw materials and technology enterprise, based in Germany, whose activities include engineering, mining, chemicals and related international trade and financial services. The group is currently working on several projects involving green considerations, including an electrolytic zinc refining process aimed at radically reducing energy consumption, recycling plants for industrial residues and waste acids, and cleaner copper refining processes.

John O'Neill, director of environmental issues with Dow Plastics' European office in Switzerland, says: "We are trying to give materials at least two life cycles and to make this effort economically viable by upgrading reclaimed matter whenever possible. This approach is underlined by our recent decision to launch a joint venture with the German waste-management company Otto."

"Institutional investors are interested in environmentally oriented companies because often they offer above-average returns," comments Paribas's Mr. Owen. "In addition, at least 10 European finance houses are now offering green unit trusts [mutual funds]," he adds.

At a time when the major industrial economies face the prospect of recession — if not war — and unemployment is on the increase, both consumers and producers are liable to put price before purity. At the same time, these very factors are boosting an existing market trend toward more realistic evaluation of what constitutes an environmental stock.

Michael Rowe

## Briefs / The Countdown Continues

### New Ventures, Constraints

Environmental concerns continue to complicate trade relations between the EC and the United States. Last year, it was the EC ban on imports of beef from cattle treated with growth hormones. This year, the U.S. Environmental Protection Agency weighed in with a prohibition on European wines containing a fungicide not regulated under U.S. law. The fungicide, procymidone, is used by European growers to kill a grape fungus.

Southern European countries present the most promising markets for foreign banks seeking investment expansion in the EC during the 1990s, according to a survey published by Bossard Consultants, a French consulting group. Italy remains "underbanked," while Spain has become more attractive because of its recent move toward banking deregulation and high margins, which is even threatened by a "deposits war," the study says. West Germany is "locked up," while French banks are "powerful and the networks closely controlled," the study says.

The United Nations Conference on the Environment and Development, planned for Rio de Janeiro in June 1992, is expected to attract 30,000 delegates from 156 countries, including heads of state and government. A spokeswoman for Maurice Strong, who has been appointed secretary general of UNCED, said in Conche, near Geneva, that the conference will coincide with World Environment Day on June 5 and that one of the major items on the agenda will be promulgation of an "Earth Charter." The statement, if agreed upon by delegates, would commit participants to basic principles regarding protection of the environment and development from 1992 into the 21st cen-

tury. Financial resources, transfer of technology and strengthening of institutional capacities and processes will also be addressed.

As part of Germany's commitment to help modernize the Soviet economy, a syndicate of German banks under the lead management of Westdeutsche Landesbank granted a loan of 2 billion Deutsche marks (\$1.32 billion) to the Soviet Bank for Foreign Economic Affairs. The five-year credit is 95 percent guaranteed by the government of Germany, with 100 percent of the interest paid by the government. The loan was granted under a bilateral agreement signed by Moscow and Bonn on Oct. 9, 1990, WestLB said.

The telecommunications division of Nokia, Finland's largest electronics group, has established a new production and research and development facility in Huntingdon, Cambridgeshire in Britain. The complex will be used for manufacturing base stations for the pan-European digital cellular network due to start operations next year. Half the stations will be exported, Nokia says. The move also reflects Nokia's growing penetration of the British market, notably mobile telephones and private networks. "The United Kingdom is, in many respects, both technically and regulatory, a lead market in telecommunications," says Kalle Isokallio, the Helsinki-based company's chief operating officer.

Seven European engineering consulting companies have formed a joint European-wide engineering network, Ginger Ingenieure, specializing in such sectors as environment, transportation, high-technology buildings and management services. Each of the sectors will be affected by new liberalized EC rules on the

single market and procurement. Managing the network is HOF France, based in Paris. The other participants include Kennedy Henderson of London, Luxembourg of Luxembourg, OTE of Strasbourg, SET PRAUD of Nantes, TETA of Paris and Weideman of Stuttgart. Other European companies will be added in coming months.

The EC's economic growth rate during 1990-1995 will rise to about 3 percent annually, compared with 2.25 percent growth of real GDP during the 1980s, according to the latest assessment by the International Monetary Fund. The IMF's world economic outlook, published in October, also predicts that fixed investment in the EC will rise by an average annual rate of 4 percent during 1990-1995, financed internally by the community. By the mid-1990s, the EC is expected to again become a net supplier of savings to the rest of the world, the IMF says. And although the average EC inflation rate rose slightly in 1990 to more than 4.75 percent, the rate will drop slowly to about 3.5 percent by 1993 and remain at that level in the 1990s.

PaineWebber International has announced a second annual Environmental Industry Conference for European investors to be held Nov. 12-13 at New Connaught Rooms, Covent Garden, London WC2. For information, contact Sally Lee, PaineWebber International (U.K.), 1 Finsburg Ave., London EC2M 2PA, tel. (4471) 3770055.

Allied-Signal, which developed a system of environmental auditing more than a decade ago, is sponsoring a conference on environmental auditing Nov. 29-30 at the Royal Windsor Hotel, Brussels. For information contact Carole Chaptin in Brussels, tel. (322) 6 47 73 00.

Barbara Borst writes frequently on developing countries. Gro Harlem Brundtland, prime minister of Norway, has long been involved in environment issues. Steve Dryden is a Washington, D.C.-based journalist. Tim Harper is a London-based U.S. journalist and lawyer. Joshua Jampol is a Paris-based journalist. Markos Kounalakis is a free-lance journalist based in Prague. Axel Krause, IHT corporate editor, is supervising the 1992 series. Dan Morrison is a Brussels-based journalist who often writes about EC subjects. Michael Rowe is a Paris-based financial and business writer. Antony Shugar is a Milan-based journalist. Terry Swartzberg is editor-in-chief of Who's Who Edition European Business and Industry. The next installment in the 1992 series, to be published on March 14, 1991, will focus on Information Technology.

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# MONDAY SPORTS

## Irish Dodge Upset, But No. 2, 3 and 6 Teams Are Beaten

Compiled by Our Staff From Dispatches

In another topsy-turvy weekend of college football, top-ranked Notre Dame emerged as a closer — if close — winner and the Rose Bowl and No. 3 Houston were big losers.

Notre Dame stayed on track for an Orange Bowl rematch with Colorado by holding off No. 9 Tennessee, 34-29. The Irish (3-1) barely avoided becoming the fifth No. 1 team — they were the first — to

lose this season when Rod Smith made a game-saving interception in the final minute to quiet the 97,123 fans at Neyland Stadium in Knoxville, Tennessee.

"We're glad to get out of here," said Notre Dame's coach, Lou Holtz.

The Rose Bowl's chances of being host to a national title game were jolted. Second-ranked Washington, which has clinched a trip to Pasadena, California, for the game, lost to UCLA by 25-22 on a field goal in the final 10 seconds.

Whom the Huskies will play is uncertain — No. 6 Iowa lost to Ohio State, 27-26, on the last play of their game on Saturday. The Hawkeyes still lead the Big Ten.

The dilemma about No. 3 Houston disappeared. The Cougars are on probation and ineligible for a bowl and there had been questions about whether they would win the national title.

But No. 14 Texas trounced Houston, 45-24, so for the first time since 1936 there are no undefeated, untied major college teams.

No. 4 Colorado clinched a share of the Big Eight title by beating Oklahoma State, 41-22. Although Nebraska could still be Colorado, Orange Bowl officials have indicated they would take the Buffaloes since they beat Nebraska.

No. 1 Notre Dame 34, Tennessee 29: Touchdown run by Ricky Walters and Reggie Lamm within 1 minute, 37 seconds late in the fourth quarter and Smith's interception pulled out the victory.

Smith, part of a struggling second season that allowed 399 passing yards, cut off Tennessee quarterback Andy Kelly's pass to Alvin Harper in the end zone with 46 seconds to play.

Smith's interception, the second of a pair directed at Kelly, ended the fourth quarter, ended a comeback by Tennessee (5-2-2) that included a 23-yard touchdown pass to

Harper and a successful onside kick with 1:44 to go.

UCLA 25, No. 2 Washington 22: Brad Dahms kicked a 43-yard field goal with 10 seconds left for the Bruins (5-5) in Seattle.

Eric Turner's interception of a pass by Mark Brunell set up UCLA's winning kick and left the Huskies 8-2.

No. 14 Texas 45, No. 3 Houston 24: Quarterback Peter Gardner's passing set up six rushing touchdowns as Texas won at home. Gardner was 20 of 28 for a 322 yards as the Longhorns, bidding for their first Southwest Conference championship since 1983, improved to 7-1 overall and 5-0 in the league.

David Klingler, the quarterback of Houston (6-1) who threw seven touchdowns passes last week, finished 22 of 52 for 299 yards and two touchdowns.

No. 4 Colorado 41, Oklahoma State 22: Duran Hagan passed for a school-record four touchdowns and Eric Biniemy ran for 148 yards and a score as the Buffaloes (9-1-1) won in Boulder, Colorado. Biniemy, the nation's leading rusher, set a school mark of 1,513 yards in a season. Charlie Davis set the standard of 1,386 in 1971.

Ohio State 27, No. 6 Iowa 26: Greg Fry completed a two-touchdown rally in the fourth period with a three-yard scoring pass to Bobby Olive on the last play as Ohio State won at Iowa City.

Iowa (7-2, 5-1 Big Ten) could have clinched the league's berth in the Rose Bowl with a victory.

No. 7 Georgia Tech 6, Virginia Tech 3: In Atlanta, Scott Statton's second field goal in the fourth quarter, a 38-yarder with eight seconds left, kept Georgia Tech on track for the Citrus Bowl. The Yellow Jackets (8-0-1) are unbeaten in their last 13 games.

No. 8 BYU 45, No. 25 Wyoming 14: Peter Timpuluta ran for three touchdowns and Ty Detmer had his 21st consecutive 300-yard passing game as Brigham Young (8-1) won in Laramie, Wyoming.

No. 10 Florida 38, Georgia 7: Shane Matthews passed for 344 yards and three touchdowns and Tim Panik scored on a 36-yard interception return and recovered a fumble as the Gators (8-1) won in Jacksonville, Florida.

No. 11 Virginia 24, North Carolina 10: Steve McKinnis threw for two touchdowns and Mike Moore set an NCAA record by catching a touchdown pass for the ninth straight week as Virginia rebounded from



Dan Marino, dodging the Jets' Gerald Nichols, threw one touchdown pass as Miami triumphed, 17-3.

its only loss and won in Chapel Hill, North Carolina.

The Cavaliers (8-1) had been almost set to play in the Fiesta Bowl in Tempe, Arizona, before the NFL talked about pulling the 1993 Super Bowl out of Arizona after the state's voters rejected a proposal to make Martin Luther King's birthday a holiday. The Cavaliers aren't certain they will accept the bid, but Fiesta Bowl officials say the game could be moved if necessary.

Don Meyers, chairman of the Fiesta Bowl's selection committee, told The Associated Press that the game could be played Jan. 1 in San Diego, three days after the Holiday Bowl in the same stadium.

No. 12 Florida 30, Cincinnati 21: Terrill Buckley scored on a 63-yard interception return and Florida State (7-2) scored on its first possession in Tallahassee, Florida.

No. 13 Nebraska 41, Kansas 9: Johnny Mitchell caught two touchdowns and Scott Baldwin ran for 170 yards and two scores in Lawrence, Kansas, as Nebraska (9-1 overall, 5-1 in the Big Eight) beat the Jayhawks for the 22nd straight time.

Southern Mississippi 31, No. 15 Auburn 12: Anthony Harris caught a 10-yard touchdown pass from Brett Favre with 46 seconds left as the Southern Mississippi pulled off the upset in Auburn, Alabama.

No. 19 Michigan 22, No. 17 Illinois 17: J.D. Carlson tied a school record with five field goals as Michigan won at home.

California 28, No. 20 Oregon 3: Anthony Wallace ran for two scores and Mike Powlowski threw for two as Cal (6-3-1) secured its first winning season since 1982.

No. 21 Penn State 34, Maryland 16: Tony Sacca threw for 162 yards and a touchdown and Leroy Thompson ran for 132 yards as Penn State won in University Park.

Pennsylvania, Maryland has lost 20 straight at Beaver Stadium.

Williams 46, Amherst 18: Williams College (8-0) wrapped up its second perfect season in Division III by winning in Amherst, Massachusetts. (AP, NYT)

Several members of Temple's football staff suffered bruises after a brawl interrupted Saturday's Temple-Pittsburgh game for nearly 10 minutes. The Associated Press reported from Pittsburgh.

The fight started with nine seconds left in the first quarter, as Temple safety Tony Schmitz intercepted Alex Van Pelt's pass in the end zone and was forced out of bounds on the Temple sidelines.

When several players and coaches traded shoves and punches, Pitt players crossed the field to join the fight. At one point, three fights were taking place involving players and staff members from both teams.

## Controversial Call Helps Dolphins Extend Streak

Compiled by Our Staff From Dispatches

Miami ran its winning streak to six games Sunday with a 17-3 victory over the New York Jets, achieved with the help of a muffed punt that set up a touchdown pass by Dan Marino and an "inadvertent whistle" that set up another score in East Rutherford, New Jersey.

The two breaks, along with a defense that hasn't allowed a touchdown for four straight games, helped Miami improve to 8-1 and kept the Dolphins even with Buffalo in the American Football Conference East. The Dolphins sacked Ken O'Brien four times, intercepted him twice and let the Jets inside their 32 only twice.

But it still took a couple of breaks to set up Marino's four-yard touchdown to Tony Paige and Marc Logan's one-yard scoring run to put away the Jets, who fell to 4-6.

On the first series of the third quarter, a towering punt by Reggie Roby hit New York's James Hasty and was recovered by Greg Batty at the New York six. One play later, Marino hit Paige in the end zone.

Later in the period, Pete Stoyanovich missed on a 53-yard field goal attempt, his first miss in 14 kicks.

On the next play, Tim McKyer intercepted O'Brien's pass and returned it 15 yards to the Jets' 34, losing the ball as he went out of bounds. The ball sat still in New York's Johnny Hector fell on it.

The officials first gave the ball to Miami, then replay official Bill Swanson reversed that and gave the ball to the Jets. However, after another huddle on the field, the ball was awarded to the Dolphins when referee Dick Houtis said "an inadvertent whistle" had stopped the play when McKyer went out.

Six plays later, Logan went in from the one, making it 17-3.

Bills 45, Cardinals 14: Kelly threw four touchdowns passes to four receivers after losing his leading pass catcher, Andre Reed, and Buffalo won its seventh straight, this time in Orchard Park, New York.

Reed left the game midway through the first quarter with an ankle injury, but neither that nor the combination of wind, snow and rain stopped Buffalo's passing game. Kelly found Keith McKeller, Butch Rolle, Steve Tasker and Don Beebe for touchdowns.

Kelly completed all but five of his 16 passes for 165 yards and Thurman Thomas rushed 26 times for 112 yards for the Bills (8-1). Tasker continued his excellent special teams play, forcing a fumble and recovering two.

Bears 30, Falcons 24: Wendell Davis caught five passes for 105 yards, scored one touchdown and set up another with a 51-yard reception, leading Chicago to the victory at Soldier Field.

The victory was the fifth straight for the Bears (8-1).

Chicago cornerback Lemuel Stinson intercepted two passes thrown by Atlanta quarterback Chris Miller. His first interception came late in the first half, and the Bears turned it into a touchdown, with Tim Harbaugh throwing an eight-yard scoring pass to Davis.

Vester Jackson also intercepted Miller, returning it 45 yards for a clinching touchdown with 1:28 to play.

Seahawks 17, Chiefs 16: Paul Skansi caught Dave Krieg's 25-yard touchdown pass as time expired and Norm Johnson kicked the extra point to give Seattle the victory in Kansas City.

Kansas City linebacker Derrick Thomas, who set an NFL record with seven quarterback sacks, appeared to have Krieg trapped on the final play, but Krieg wriggled free and threw toward Skansi, who was surrounded by defenders but jumped high and pulled down the pass in the middle of the end zone.

After forcing the Chiefs to punt, the Seahawks went 66 yards in four plays, with Krieg hitting Tommy Kane for 25 yards to get in position for the winning touchdown pass.

Saints 33, Bucs 7: Craig Heyward rushed for 151 yards and two touchdowns and Rueben Mayes

rushed for two scores to lead the Saints in New Orleans.

The Saints (4-5) led by 14-7 at halftime, then scored 21 straight second-half points. Two of New Orleans' second-half drives took

less than a minute each — 44 seconds and 39 seconds.

Chris Chandler, Tampa Bay's starting quarterback, left in the third quarter with a mild concussion.

Vikings 17, Lions 7: Joey Browner intercepted two passes and Al Noga returned an interception 26 yards for a touchdown to spark Minnesota in Pontiac, Michigan.

The Vikings were clinging to a 10-7 lead when the Lions took over at their 31 with 1:49 left in the game. On Detroit's first play, quarterback Bob Gagliano's screen pass

was intercepted by Noga, who had a clear path to the end zone.

Gagliano replaced Andre Ware, making his first start at quarterback for Detroit's first series of the second half.

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